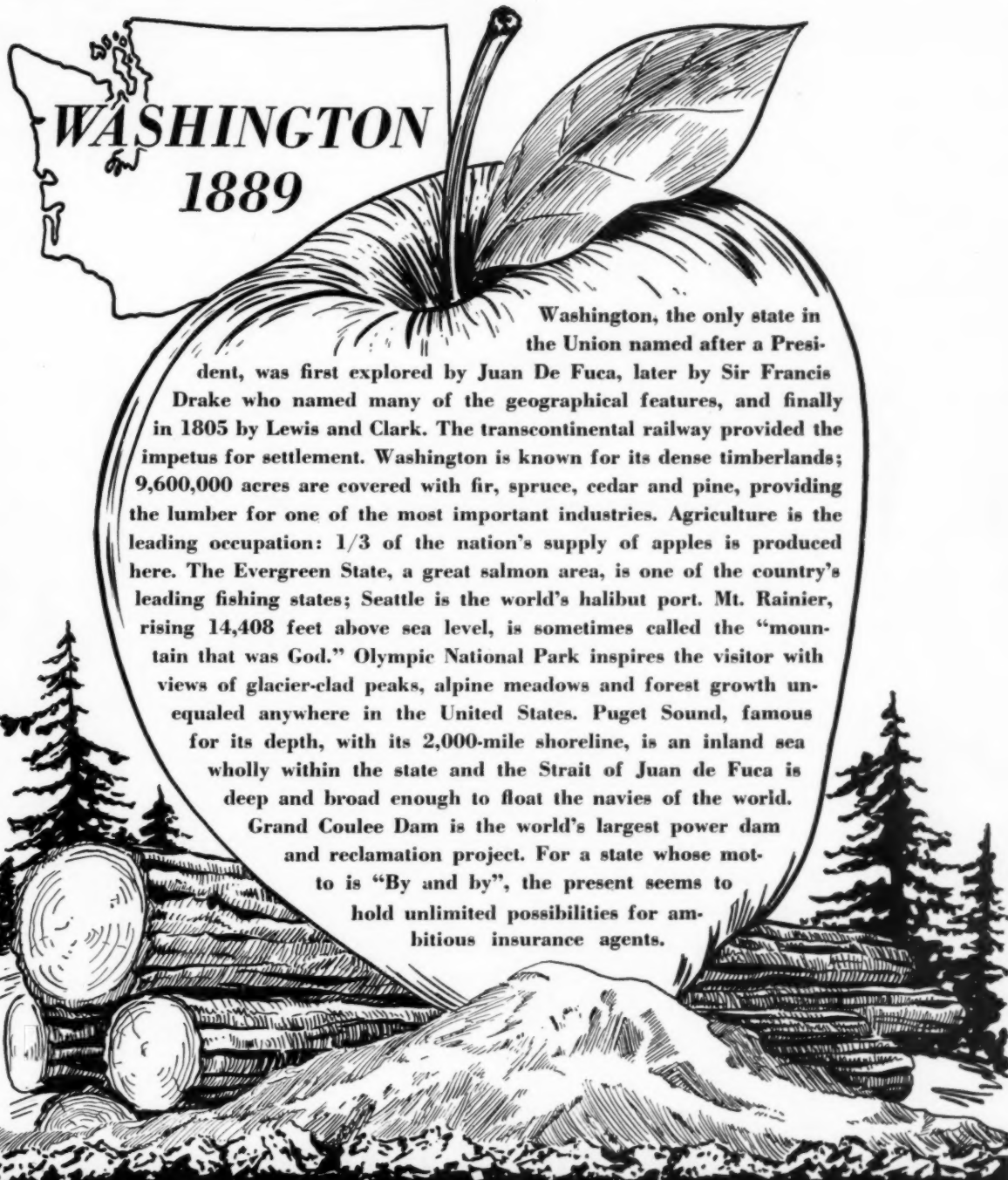


The NATIONAL UNDERWRITER



WASHINGTON
1889

Washington, the only state in the Union named after a President, was first explored by Juan De Fuca, later by Sir Francis Drake who named many of the geographical features, and finally in 1805 by Lewis and Clark. The transcontinental railway provided the impetus for settlement. Washington is known for its dense timberlands; 9,600,000 acres are covered with fir, spruce, cedar and pine, providing the lumber for one of the most important industries. Agriculture is the leading occupation: 1/3 of the nation's supply of apples is produced here. The Evergreen State, a great salmon area, is one of the country's leading fishing states; Seattle is the world's halibut port. Mt. Rainier, rising 14,408 feet above sea level, is sometimes called the "mountain that was God." Olympic National Park inspires the visitor with views of glacier-clad peaks, alpine meadows and forest growth unequalled anywhere in the United States. Puget Sound, famous for its depth, with its 2,000-mile shoreline, is an inland sea wholly within the state and the Strait of Juan de Fuca is deep and broad enough to float the navies of the world. Grand Coulee Dam is the world's largest power dam and reclamation project. For a state whose motto is "By and by", the present seems to hold unlimited possibilities for ambitious insurance agents.



CRUM & FORSTER
MANAGER

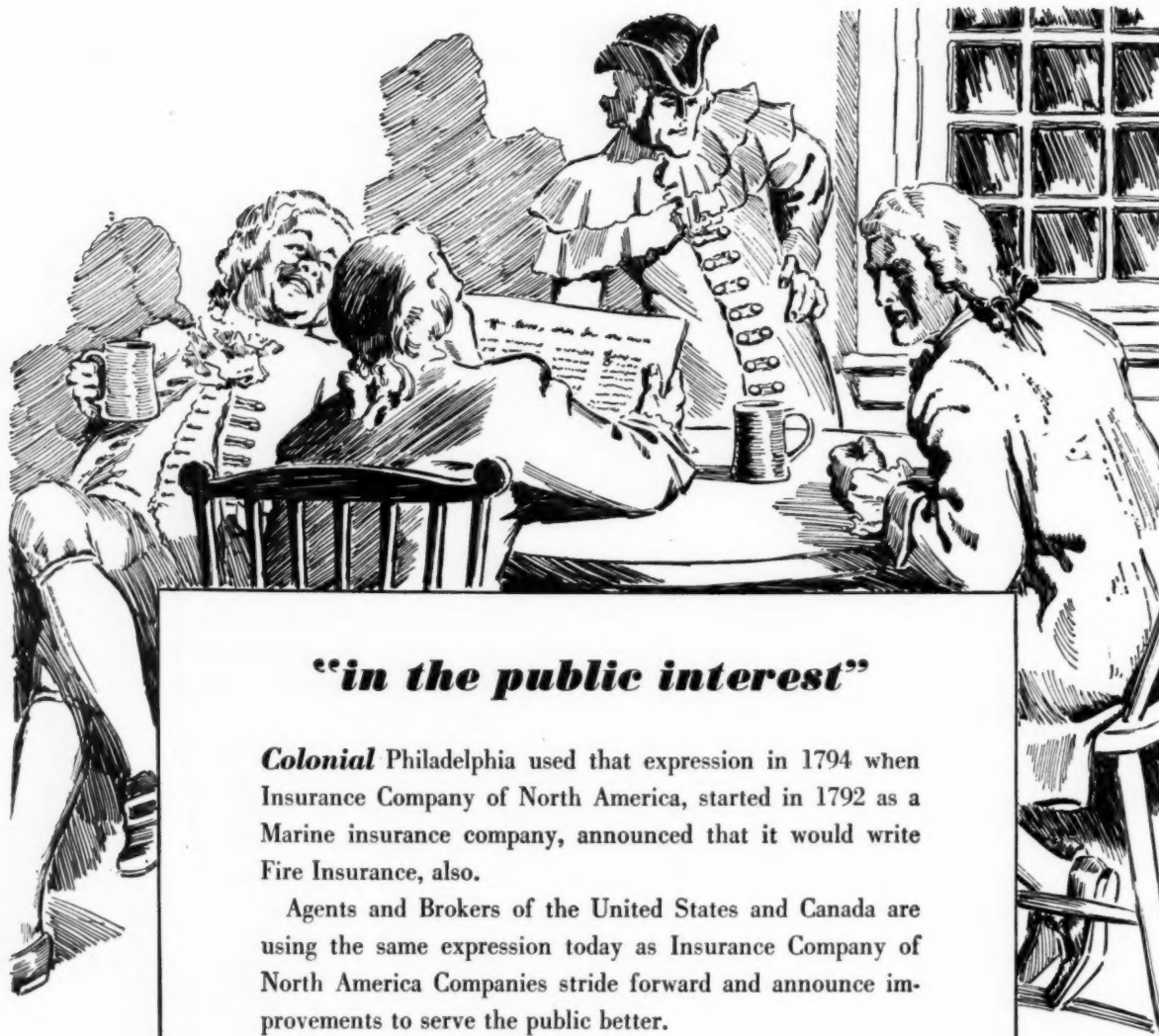


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| UNITED STATES FIRE INSURANCE CO. | Organized 1824 | THE WESTERN ASSURANCE CO., U. S. Branch | Incorporated 1851 |
| THE NORTH RIVER INSURANCE CO. | Organized 1822 | THE BRITISH AMERICA ASSURANCE CO., U. S. Branch | Incorporated 1833 |
| WESTCHESTER FIRE INSURANCE CO. | Organized 1837 | SOUTHERN FIRE INSURANCE CO., Durham, N. C. | Incorporated 1923 |
| THE ALLEMANNIA FIRE INSURANCE CO. of Pittsburgh . Organized 1868 | | | |

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THURSDAY, FEBRUARY 23, 1950



"in the public interest"

Colonial Philadelphia used that expression in 1794 when Insurance Company of North America, started in 1792 as a Marine insurance company, announced that it would write Fire Insurance, also.

Agents and Brokers of the United States and Canada are using the same expression today as Insurance Company of North America Companies stride forward and announce improvements to serve the public better.

No one can predict the future of insurance with certainty, but you may be assured that whatever North America does in the years to come, as in the past, will be *"in the public interest."*

And that means in *your* interest. For the public responds to leadership, to progress, and to a sincere belief in the need for improvement, rewarding those who represent such organizations with an increased share of patronage.



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FTC Shadow Is Spreading, Zone 5 Group Agrees

N.A.I.C. Stand on Auto Finance Issue, However, May Halt Trend

The zone 5 commissioners held a well-attended three-day session at Omaha during which there were reviewed many of the current topics of interest such as federal trade commission mail order rules and the proposed rules governing auto finance operations that impinge on insurance; elimination of premium receipts for life insurance and accident and health; multiple line underwriting; multiple location risk problems and uniform accounting.

The first day of the session was devoted to a session of insurance department deputies and others interested in the fire and casualty rating matters. The second day was given over to uniform accounting with Thomas Morrill and James J. Higgins of the New York department providing the instruction. However, the afternoon of the second day those that were not interested in following the uniform accounting question in such detail, held a separate get-together at which there was informal discussion of a number of points. There was a cocktail party and dinner that evening with B. B. Gribble of World of Omaha as toastmaster and with V. J. Skutt, president of Mutual Benefit Health & Accident, as the principal speaker. He discussed how best to preserve state regulation.

On the final day there was discussion of numerous other questions including the proposal to provide some central system of auditing annual statements, perhaps through the office of the assistant secretary of N.A.I.C. at Chicago.

Meistrell Scents Scheme

Frank Meistrell of Allstate in speaking about the FTC development expressed the belief that this agency will probably soon ask Congress for a substantially increased budget to finance its further entrance into the insurance field. He said FTC's activities in many new insurance areas indicate the determination to build a case for expansion which would win Congressional support. He expressed the belief that FTC is trying to establish that it is not the amount but the quality of state supervision that governs whether the state or the federal government shall be the regulating agency.

Insurance Director Stone in his remarks said he agreed with Mr. Meistrell's size-up of the situation. He said FTC is now investigating in many fields trying to build a large volume of work for itself. "If we want to continue state regulation," he said, "we must move aggressively to make it work."

Graves of Arkansas, chairman of the zone who presided, spoke of the installment payment of the term premium question. He referred to the fact that North America had filed for renewal of its installment payment plan in Arkansas and Arkansas Inspection & Rating Bureau has requested a hearing on the petition. This will be held March

(CONTINUED ON PAGE 35)

Installment Plan Debate Carried to Bay State

By KENNETH O. FORCE

BOSTON—The idea of installment payment of term premiums was thoroughly explored at a hearing of the Massachusetts department which ran into the second day. Is the practice banking or insurance? Does the department have authority in Massachusetts law to regulate it? Commissioner Harrington excluded discussion of term discounts because National Assn. of Insurance Commissioners is studying this subject.

More than 100 attended, including well known figures in company, association and agency ranks. Filings by Liberty Mutual Fire and North America for renewal of their plans another year will be heard later on.

Casualty Gets Into Picture

James M. Cahill, secretary National Bureau of Casualty Underwriters, briefly explained installment rules in his field. Others who appeared were John C. Phillips, assistant counsel of North America; Patrick J. Kelly, assistant counsel Liberty Mutual Fire; F. W. Doremus, manager Eastern Underwriters Assn.; J. W. Downs, counsel

he wanted this point specifically covered when he decides whether to renew approval of the North America plan. He said term does not apply to all classes, and perhaps excludes classes with bad loss ratios. Mr. Kelly said he didn't know. Mr. Cahill said he had no data as such to disclose on what the discounts in the casualty field are based, expense saving or a better loss ratio, but the bureau can justify the discounts. He said the justification was spelled out by William Leslie, general manager of the bureau, in a letter to Commissioner Larson of Florida in November, 1949, in response to Mr. Larson's general inquiry on the term subject. Mr. Harrington said he wanted that letter.

Uniforming Discounts at 10%

Mr. Cahill said that discounts for payment in advance, for the bulk of general liability lines not subject to audit, had been 12½% but are being changed generally to 10%. This is because 10%, on analysis, can be better justified. In addition the discount in New York has been 10% for years, and the bureau cannot justify a difference of this kind, state to state. Consequently the discount is being made uniform. This is on premiums paid in full in advance where there is no audit; otherwise there is no saving or discount justified. On the comprehensive personal liability the premium includes an expense constant and here the bureau is continuing three years of premiums for 2½ annuals, payable in advance.

Mr. Kelly said Liberty Mutual Fire has been using installment plans for years but had not until recently filed them. N.E.F.I.R.A.'s rule 52 prohibits installment plans, so Liberty Mutual Fire prepared a deviation filing. However, in that filing the company made



C. F. J. Harrington



F. W. Doremus

New England Fire Insurance Rating Assn.; Harold D. Barnes, Pittsfield, Massachusetts Assn. of Insurance Agents; Walter H. Bennett, counsel National Assn. of Insurance Agents, and Charles P. Butler, its executive vice-president; Reginald R. Wilde, vice-president, and Hugh Garland, secretary, Corroon & Reynolds; Donald C. Bowersock, president of Boston and chairman governing committee of N.E.F.I.R.A.; and Edwin D. Sirois, secretary Mutual Fire Insurance Assn. of New England, who briefly stated his companies' opposition to authorization of installment plans. Letters in opposition were received from Excelsior, Transportation Insurance Rating Bureau, and Boston.

Material presented by opponents of the plans indicates, Mr. Harrington said, some doubt that such plans are subject to rate regulation, though the general belief seems to be that some regulation is desirable. His interest was in citations or interpretations of appropriate Massachusetts statutes which either give or deny him the authority to regulate installment practices. There is specific provision in the law, section 91b, for the installment payment of auto insurance premiums.

North America Memorandum

North America's authority to write its plan expires March 30, Mr. Phillips said. The department since 1945 has received from North America considerable supporting material. He said he would rather hear from others on the subject since North America has been discussing it for five years. He submitted a memorandum.

One of Mr. Harrington's favorite questions was whether term discounts are based on savings in expense alone or also on loss saving. Mr. Phillips said the major factor was expense saving. He could not say if there is also a saving in loss ratio. Mr. Harrington said



J. M. Cahill



R. R. Wilde

clear it does not believe installment payment of premiums is a rating matter at all. Rating bears on price determination only, and installment is a method of payment. The department has adequate general powers to oversee company management including unfair practices harmful to the public, but doesn't need to look to its rating law. He filed a memorandum to this effect.

Thinks Commissioner Has Power

Mr. Harrington pointed out that specific authority was granted by the legislature to permit auto premium installments, and yet another section of the law states that only those contracts authorized by law may be issued. Mr. Kelly said the law states no company shall make a contract of insurance, but

(CONTINUED ON PAGE 16)

All States but Ind. on Committee Sign Report on R. I.

Much Progress Is Reported at Commissioners Parley at Philadelphia

Commissioner Malone of Pennsylvania held a meeting in Philadelphia last week on the Rhode Island and William Penn Fire situation. Deputies and insurance commissioners from most of the interested states appeared, including Commissioner Bisson of Rhode Island and Attorney General Powers of that state.

On Tuesday of this week Mr. Bisson released the following statement from Philadelphia:

"After a meeting with the various state insurance departments which participated in a convention examination of the Rhode Island Ins. Co., the examination report as of Dec. 31, 1948 was signed today by eight of the nine participating examiners representing the six

PHILADELPHIA — Approval of a plan to revise the financial structure of William Penn Fire so that the firm can make its annual report, is now under consideration by Commissioner Malone. His final action is expected to hinge on a New York court decision involving the legality of Doeskin Corp., guaranteeing an obligation of nearly half a million dollars owed to William Penn by a bank in Cuba. The matter will come before the court Feb. 23.

It was also learned that the plan includes releasing William Penn of approximately \$900,000 in liability to the Rhode Island Ins. Co.

Other parties to the William Penn plan include National of Denver and Pioneer Equitable of Indiana.

A court order resulting from a stockholders suit now prohibits Doeskin from engaging in the insurance business, but the companies who are parties to the plan claim the guarantee of the Cuban obligation is now an insurance function.

Insurance officials are of the opinion that William Penn is in a sound position, but cannot report because of strict legal requirements.

zones into which the U. S. is divided by the rules of the National Assn. of Insurance Commissioners.

"The examination report which was discussed in Philadelphia at a meeting of the commissioners and their representatives shows the company to have policyholders surplus of \$1,931,799.

Resolution Is Adopted

"Details of the report were reviewed by the commissioners present and Attorney General William E. Powers of Rhode Island. Following this discussion the meeting voted favorably on a resolution offered by Insurance Commissioner David A. Forbes of Michigan, president of N.A.I.C., that the examiners participating in this examination continue to stay in Philadelphia and complete the report.

"After careful review the report was signed by the examiners of Florida, Georgia, Michigan, New Mexico, Pennsylvania, Rhode Island, Washington and Wyoming representing all of the participating states except Indiana. I am

(CONTINUED ON PAGE 17)

FURTHER EXPLORATION NEEDED

N.Y. Department Issues Long Awaited Study of Term Discounts on Fire

NEW YORK — The long awaited New York department study of fire insurance terms and discounts, in process over 18 months, has been forwarded by Superintendent Dineen to White of Mississippi, chairman fire and marine committee of N.A.I.C., Malone of Pennsylvania, chairman committee on rates and rating organizations and to Larson of Florida, chairman subcommittee on installment payment plans. Written by Deputy Thomas C. Morrill, the document is a long and thorough exploration of a subject currently of wide interest because of the installment plan for payment of term premiums.



T. C. Morrill

The report, interestingly enough, does not contain a conclusions or recommendations section because "final determinations will depend on facts not yet available as to costs, interest and other matters and because it seems preferable to present the report more as a statement of the ramifications of the problem than as an answer. The present term rule is of long standing; if it is to be changed, it should be on the basis of a careful weighing of all the evidence in consideration of all interests."

Must Be Included in Rate

It seems reasonably obvious that rate regulation must embrace regulation of term discounts, Mr. Morrill states. It also is apparent that many important issues are tied to existing terms and discounts and they should not be judged in isolation. The report attempts to present all sides of the matter so that decisions may be made with knowledge of their probable ultimate effects.

While a considerable amount of the material in the study is historical or is material which has made its appearance since the great to-do over installment plans developed, it does contain suggestive compilations of figures, particularly on the installment business, and one section is the Stott study.

To determine the influence of term business on agency costs and the possible effect of change upon such costs, department accountants made a close analysis of the business and workings of the agency at Norwich, N. Y., of John C. Stott, past president National Assn. of Insurance Agents. The material here is both new and suggestive both as to the effect of term discounts and in respect to costs of an agency operation.

This is treated elsewhere.

Report Poses Many Questions

Custom is no longer adequate justification for any aspect of ratemaking, according to Mr. Morrill. Are term discounts in fact discriminatory? Do term discounts result in excessive, inadequate or otherwise unreasonable rates? Are they adequately regulated at state level? If not, have the states thus not regulated practices specifically prohibited by federal law and in this way left the door open for federal regulatory action? Improper discount can violate the standard of the rating law. It may violate the anti-discrimination principle of the Robinson-Patman act, if applicable to insurance.

The problem is not confined to fire because other lines written by fire and casualty insurers are discounted. However, the practice originated in fire, is

employed in that line far more than in any other, and the study deals particularly with discount and term practices of fire business.

PRACTICAL EFFECTS

The practical effects of writing long term contracts were explored. When rates are increased, companies receive no benefit until expiration of policies then in force, which may be three or five years. On the average it would take 1½ years to make a rate increase effective on three year policies and 2½ years on five year policies. Since rate revisions are made largely on past experience, it requires a considerable time to translate rate increases into dollars received by companies. Small wonder that adverse trends in fire loss ratios are generally prolonged. Much the same conditions prevail on rate reductions. Unduly favorable loss trends tend to result in protracted periods of high profits before a correction can take effect. When rate reductions are made, however, policies are cancelled and rewritten, and the longer the term of the contract, the more likely it is insured will gain from taking the short rate penalty.

The report reviews the history of term discounts in England, Canada and the United States, opinions of fire insurance people on term discounts, and gives appendices of historical and other matter.

Mr. Morrill points out that no comprehensive attempt ever has been made by representative segments of the insurance industry or by state departments to determine whether the discounts are supportable. Present discounts therefore are arbitrary, handed down through the years and modified from time to time in response to the competitive situation of the moment. Thus any attempt now to support term discounts must start from scratch. Elements to be considered will require much research. The report limits itself pretty much to an outline of general principles and suggestions as to methods by which research might be approached.

Further Cost Research Necessary

It would be desirable to study both company and agency costs, Mr. Morrill states. A program could be developed for this purpose under guidance of persons expert in fire insurance administration together with those qualified in cost accounting.

A clue as to agency costs was obtained in the Stott study. Similar agency studies in offices of various sizes should be productive of additional data on this

part of the problem. Mr. Morrill suggests that cost accounting data bearing directly on home office administrative costs may be a product of the expense study on multiple location risks now being conducted for the New York department by Driscoll, Millet & Co. of Philadelphia.

The scope of the assignment in that study covers past and prospective expenses to ascertain if rates, including expense, for fire insurance on single and multiple location risks are excessive, inadequate, unfairly discriminatory or otherwise unreasonable. The examiners were authorized to look into any other relevant factors. Instructions to Driscoll, Millet & Co., whose accountants have been assisted by experienced insurance examiners of the department, were drafted to reflect the department's position that knowing multiple location risk expenses would be relevant only if like information on single location risk expenses were available for comparison.

Complete Lack of Information

This cost investigation should produce information on transaction, departmental and functional costs susceptible of application to the term vs. annual expense problem. Since these studies are being conducted in only one company group at present, they would not be conclusive as to the business as a whole but should be infinitely more informative than the complete lack of information on the subject that exists today.

Any study of the problem should explore carefully whether expense savings on term business do not diminish as the size of premium increases. Gradation if premiums and expense loadings by size of risk, now almost universal in casualty, is practically non-existent in fire. If it costs \$3 to write a policy it would cost \$15 to write five annual policies against \$3 to write one five year term policy, an indicated saving of \$12. If the company saved this much, a 20% discount would be justified on a five year premium of \$60 before discount. But the \$12 would be trifling on a \$600 premium, justifying only a 2% discount and would disappear from significance on larger amounts.

Gradation by Size of Risk

Cost by size will cut both ways. Sound cost accounting data should shed light on the need and justification for expense constants on small premiums as well as for discounts on large risks. Perhaps they will show considerable justification for discounts on small size term policies and little for larger policies.

The report quotes F. C. Moore's "Fire Insurance and How to Build" of 1903 in which Mr. Moore states that interest earned on premiums is one of the advantages of term business, though he believed a 20% discount on five year policies was greater than could be supported by interest earnings. R. P. Barbour, later U. S. manager of Northern Assurance but in 1918 a general agent of North British, took into account "4% true discount for interest

About 39.7% of all fire premiums written in 1948 by companies doing business in New York state was annual, the remainder, 60.3%, was on terms up to five years. In dollars, this divides \$488,628,000 for one year terms and \$742,492,000 for longer periods. The terms divided: Three year, \$573,927,000, five year, \$133,330,000, other, \$35,235,000.

received." J. Raymond Berry, general counsel National Board, disregards interest.

Mr. Morrill recommends an objective investigation to learn if fire companies earn interest by investment of premiums paid in advance and if they earn more on premiums paid three or five years in advance than on annual premiums. Referring to 1948 volume of New York entered companies, Mr. Morrill says that handling of almost 1½ billions of dollars of new money each year, over 700 millions of which is for policies of three and five years, ought to produce some investment income. If it is contended that sums of this size are managed without return, doubts might well be raised as to the competence of those responsible for such a result. Actually, policyholders borrow in order to take advantage of term premiums and must pay interest on the loan. If they don't borrow, they lose the opportunity to earn interest on the money advanced. It would be difficult to explain to a policyholder that no interest is earned on his money after the fire insurer gets it and that no con-

The term discount study is, according to Superintendent Dineen, one of seven essential parts of the New York department's long range program in connection with the fire insurance rate structure, a program which has been integrated with the activities of the National Assn. of Insurance Commissioners to the full extent possible. These include a review of schedule rating practices for specific risks, a report based on a two year investigation now in process of being completed and available for public distribution shortly; use of rating formulae to adjust rates equitably on a class by class basis, and a study of National Board's grading system for cities and towns (key rating system, preliminary investigations of which have been in progress two years).

Such items as improved classification of occupancy hazards for fire insurance statistical purposes, uniform accounting of expenses, reconsideration of the 1921 standard profit formula have been publicized in whole or in part. Even with the entire program completed, much will remain to be done, according to Mr. Dineen. However, it is the hope that these steps will contribute toward the goal of adequate state regulation in the public interest.

sideration can be given to interest in supporting term discounts.

The business claims that term policies reduce the possibility of loss of business at renewal, tending to stabilize the business in force. Renewal business often is claimed to be more profitable than new. Term business has more favorable loss experience than

(CONTINUED ON PAGE 18)

Hospital Inspections in Full Swing

The nationwide hospital inspection program of the National Board is now well under way, and more than 7,600 hospitals throughout the country are being inspected for fire safety by the fire casualty companies. The picture shows a part of the inspection at Northern Westchester hospital at Mount Kisco, N. Y., being carried out by Goodwin Clyne, (left) special agent of Norwich Union in Connecticut, and Norman S. Newhoff, state agent in New York for Employers Liability.



Pittsburgh Day Card Shaped Up

March 12 Program Promises Great Variety of Fare

Program arrangements are now well advanced for the annual Pittsburgh Insurance Day observance at the William Penn hotel in that city, March 6.

This is the big event of the year at Pittsburgh and all elements of the business concentrate on making it a bang-up event.

The pattern of recent years will be repeated with a general get-together first thing in the morning, then a series of separate meetings on various specialties, a community luncheon, another set of specialty meetings in the afternoon and then the banquet, which is always a standout occasion. At the dinner special recognition will be accorded to Commissioner Malone of Pennsylvania, to John A. Mayer, the new president of Reliance Life of Pittsburgh; to Henry A. Yates, newly elected president of National Union Fire, and to Elmer P. Niebaum, president of Allemannia of Pittsburgh.

E. D. Sweet Is Welcomer

Edward D. Sweet, local agent and president of Insurance Club of Pittsburgh, will give the welcome at the dinner. George F. Avery, U.S.F.&G., will be toastmaster and John Henry Faulk, professional speaker, will be the main attraction.

Charles H. Kahrs of London Assurance is general chairman of the day.

Quincy Howe, radio commentator and author, will be the luncheon speaker on "The World Today." He will be introduced by Ralph H. Alexander, deputy commissioner of Pennsylvania and a former president of Insurance Club of Pittsburgh. David L. Lawrence, mayor of Pittsburgh and in private life, a local agent, will extend greetings.

Morning Speakers

At the first get-together in the morning, messages will be given by Cheston M. Berlin, America Fore, president of Smoke & Cinder Club; Charles H. Bokman, New Amsterdam Casualty, president Pittsburgh Assn. of A. & H. Underwriters; Horace T. Cator, Fidelity & Deposit, president of Surety Assn. of Pittsburgh; Charles Gable, U. S. Casualty, president Pittsburgh Casualty Claims Assn.; Paul L. Mechling, president of Pittsburgh Assn. of Life Underwriters; Charles A. Morgan, Home, chairman of Mariners Club of Pittsburgh; Douglas W. Rodda, National Union, president Pittsburgh Fire Loss Conference; William A. Shaw, local agent at McKees Rocks, president of Pittsburgh Assn. of Insurance Agents and Paul L. Wellener, Jr., Maryland Casualty, president Casualty Insurance Assn. of Pittsburgh.

J. Dewey Dorsett, general manager of Assn. of Casualty & Surety Companies, will address an afternoon meeting on "The Casualty & Surety Business in 1950", and Charles B. Stumpf, Illinois Mutual Casualty, Madison, Wis., president of International Assn. of A. & H. Underwriters, will give a talk on "None Can Walk His Way Alone."

Herd on Stand in N. Y. Multiple Location Hearing

NEW YORK—J. Victor Herd, vice-president of America Fore, is now on the stand in the hearing being conducted by the New York department on multiple location risks. Henry Barkstedt of that company, Harry Perlet, now assistant manager of the insurance department of the U. S. Chamber of Commerce but formerly with the Ohio department, and H. J. Bleser, in charge of the general cover department at Chi-

cago for Hartford Fire, also have been on in recent days.

Apparently the hearing will not run much longer. It has been going on for weeks, but the end is in sight. Another week or two may wind it up. Then there will be the wait for the decision by Deputy Superintendent Bohlinger.

G. B. Harrill Expands

The G. B. Harrill agency of Forest City, N. C., has expanded its operations in the general agency field for the Caro-

linas. The Harrill office has been appointed general agents for Iowa Mutual and Iowa Mutual Casualty of DeWitt for those two states. The agency still continues to represent Iowa Hardware Mutual of Mason City as general agent for the western half of North Carolina.

Jordan Addresses Field Men

The Pine Tree State Field Club at its February meeting heard William T. Jordan, general agent at Boston for F. & G., discuss the recently published

pamphlet of the Bay State Club on "How to Avoid Policy Errors." A committee was appointed to study the publication and report on the adoption of a similar pamphlet for Maine agents.

The club's next meeting will be held March 7 at Bangor.

What the Californians call a "spring" golf tournament and outing was held this week at Sonoma Mission Inn by Automobile General Adjusters Assn. W. J. O'Brien was chairman of the committee.

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Eyes Claims for Losses on Property Not Belonging to Assured

C. Oscar Carlson of the Chicago law firm of McKinney, Hough & Carlson, gave a carefully prepared paper at a luncheon meeting of Western Loss Assn. at Chicago Tuesday on coverage of property belonging to others than assured in possession of assured under the contents form.

After reviewing numerous cases in point, Mr. Carlson set forth the guiding general rules to be followed in dealing with claims for losses on property not belonging to the assured.

1. Under the "interest policy," where the policy does not in terms extend to the property or interest of any person other than the assured, the assured nevertheless will be covered not only for loss on his own property as described in the policy, but also on his interest in property such as described in the policy of others in his possession, custody and control. Such interest doubtless will be co-extensive with the assured's insurable interest in the property, and may include his charges for labor, storage and freight if by law or his contract he is given a lien on the property therefor, or where he otherwise may have a lien, as, for instance, under a mortgage vendor's lien or mechanics' lien, and probably would extend to his liability for loss or damage to such property of

others.

2. If, under the coverage clause or form, the insurance is extended to property of others held in trust, etc., without mention of assured's liability; or if the insurance is extended to such property of others for which assured may be liable, then, in either case, the company is liable for the full amount of the value of such property within the limits of the policy, and there is no need to determine whether or not the assured is actually liable to the owner of such property for the loss.

3. If under the form the insurance is extended to the property of others only if the assured is legally liable to the owner of the property for the loss or damage thereto, then the company is not liable for the loss of such property unless the assured is actually liable for the loss to the owner of the property; and in such case in order to determine whether the loss should be paid it is necessary to further determine whether or not the assured is in fact liable to the owner of such property for the loss or damage to the property. Such liability may be liability imposed upon the assured by law, or it may be liability for such loss assumed by the assured by his contract or undertaking in some form with the owner of the property.

Security Reports on Record Year

Security of New Haven in 1949 had the largest net underwriting profit in history both percentage-wise and in respect of dollar amount.

The premium income for the group was \$19,182,309, a decline of \$105,688 from the preceding year. This reflected the loss of approximately \$1 million of premium income through cancellation or a reduced participation in certain pool commitments. All but a small amount of this income loss was made up by an increased production of agency business.

The premium income from fire, marine and allied lines was \$14,864,220. The casualty lines showed a small increase, bringing premium income to a new high of \$4,318,089.

In the fire-marine and allied, the ratio of losses and loss expenses incurred to earned premiums was 43.8 compared with 50.3 in the previous year. The operating expense ratio to premiums written was 41.1 as against 41.3.

The assets of Security increased to \$24,175,125, policyholders surplus was \$8,392,941. East & West has assets of \$6,663,382 and Connecticut Indemnity \$7,549,364.

"Short Con" Again on Move, This Time in East

Reports of renewed or perhaps continued activity on the part of what the police term a "short con" among insurance people, particularly in the east, is reported. A year or so ago he was very active in the middle-west and southwest. He claimed then to be connected with various well-known local agencies in the east; he would call on company people and mention names of supposedly mutual friends and then have some excuse for being short of funds, usually along the line that his car had broken down and the repair bill had taken all of his cash. Then would come the touch and quite a few insurance men were taken in.

He is now operating in the east. He made at least two approaches about which THE NATIONAL UNDERWRITER is advised saying that he is with Fred S. James & Co. in Chicago and is making a tour of eastern customers of that prominent agency. He has been using the name of Mr. Rogers. He horns-woggled a special agent of Hartford Fire at Dayton out of \$15 but he drew a pass from W. L. Greenway, assistant vice-president of the eastern department of Pacific National Fire at Philadelphia.

The man is described as about 60 years of age, fairly well dressed, teeth in bad shape, smokes cigars, has prominent scar at the lower end of his nose. In Ohio he gave his name as that of Watkins and in Philadelphia he called himself Mr. Rogers.

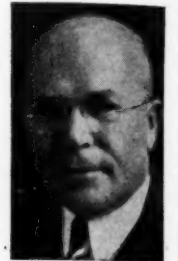
B. T. Robinson, Murdock, Kan., local agent and cashier of State Bank there, was honored by a surprise party in recognition of his 40th anniversary as founder of the bank. About 75 of his fellow townspeople and customers were on hand.

Phoenix of Conn. Officials Advanced to Higher Rank

Numerous official changes in Phoenix of Hartford are announced. Chester A. Snow, formerly secretary is named vice-president; Albert C. Knox, assistant secretary is advanced to secretary; Richard Cosmus, state agent in southern



A. C. Knox



C. A. Snow

Texas, was advanced to assistant secretary and is to be transferred to the home office. George L. Hampton, Jr., assistant manager at Chicago, was also named assistant secretary and will go to the head office; William H. Potter, Jr., manager of the Cook county department at Chicago, was elected secretary and Cook county manager and Herbert S. Anderson, Oklahoma state agent, becomes assistant manager at Chicago.

Robert E. Barrett, Jr., president of Holyoke Water Power Co., and Jack B. Taylor, vice-president of Phoenix, were elected directors.

Snow Phoenix Man 38 Years

Mr. Snow has been a Phoenix man since 1912. He started as special agent in the middle western field and was transferred to the home office in 1918. He has been secretary since 1939.

Mr. Knox went with Phoenix in 1917. He is a graduate of Yale and his father was John A. Cosmus who was a vice-president of Connecticut Fire until his death in 1934. Richard Cosmus was appointed state agent in 1937.

Mr. Hampton went with Phoenix in 1937 and traveled for many years in Kansas until being transferred to Chicago. Mr. Potter has been Cook county manager since 1926 and Mr. Anderson has been with Phoenix also since 1926.

Cincinnati Centenaries

Cincinnati Fire Underwriters Assn. is one of the 100 year old organizations participating in the "centurama" exhibition of local firms. An article by Joseph F. Schweer, executive secretary, on the 112 year history of the association was given prominent space in the "Cincinnati Enquirer" in its centurama section. He points out that in 1838 Cincinnati had 71 local fire and marine companies and was the western insurance center. The Chicago and Boston conflagrations caused irreparable damage to the Cincinnati companies. Cincinnati Equitable, founded in 1826, is the sole insurance company survivor of the early days.

Roe Placed at Helm of Chicago Anchor Agency

John H. Roe, Jr., executive vice-president of the Anchor Agency at St. Paul, has been named president and treasurer of the Anchor Agency in Chicago to replace Stephen T. Pepich who has resigned to form his own agency.

Mr. Roe has been on the board of the St. Paul agency for two years and with the agency since 1941. He will function in a dual capacity and retain his St. Paul connection. Prior to 1941, he was Minnesota state agent for Anchor Casualty. He is a graduate of Carleton College.

Kenneth M. Hough remains vice-president and secretary of the Chicago agency.

R. B. McNamee, executive vice-president of Queen City Fire of Sioux Falls, is the new assistant secretary and treasurer of the Anchor agency of Chicago. Mr. McNamee was formerly in charge of the special risk division of the Anchor Agency at St. Paul. Previous to that he was with Newhouse & Sayre in Chicago, Philadelphia and New York. He is a graduate of Columbia and will reside in Chicago while Mr. Roe will continue to reside in St. Paul.

Mr. Pepich continues as a director and stockholder of the Chicago Anchor Agency.

National Fire Appoints Deegan, Gifford Secretaries

National Fire has promoted J. F. Deegan and J. K. Gifford, both assistant secretaries, to secretaries.

Mr. Deegan was for many years chief assistant in the legal department, becoming department head in 1947. He became assistant secretary in 1948. He will continue as home office counsel.

Mr. Gifford has been with National many years, in the field and the home office. In 1946 he came to the head office as general agent, and was made assistant secretary in 1947. He will now supervise affairs in New York state.

Join Newson Adjustment

Robert E. Gillespie and Wright Johnson have joined the Lindsey Newson adjustment firm of Tyler, Tex. Mr. Gillespie is stationed at Lufkin and Mr. Johnson at Longview.

Mr. Gillespie has been with Angelina Casualty. The Longview office has been moved to larger quarters at 301 Glover-Crim building.

Arrange Advanced Seminar on Insurance Accounting

SAN FRANCISCO—The first advanced seminar on insurance accounting ever to be held on the Pacific Coast is to be held under the joint auspices of Insurance Accountants Assn., educational committee of Fire Underwriters Assn. of the Pacific and the business administration extension division of University of California.

Edward V. Mills, vice-president and controller of Firemen's Fund, will make the introductory talk. Classes will be held Thursday evenings for 12 weeks.

The schedule is:
March 2, "Requirements of the Insurance Department," William Bruce, chief of examinations and financial analysis, California department; March 9, "Personnel Management," Dr. F. T. Malm, University of California; March 16, "I.B.M. Equipment in Insurance," Charles V. North, International Business Machines Co.; March 23, "Uniform Accounting," W. H. Crawford, Loyalty group; March 30, "Rating Plans, Fire and Casualty," John J. Savage, National Bureau of Casualty Underwriters; April 6, "Earned Premium Reserves, Fire and Casualty," W. U. Benepe, Fireman's Fund; April 13, "Tax Statements, Premium Taxes and Marine Profits Tax," Mr. Bruce; April 20, "Losses, Legal Liability, Accounting and Reserves," Francis F. Seltz, Pacific National Fire; April 27, "Annual Statements in Detail," B. S. Wells, Fireman's Fund; "Financial and Statistical Statements for Management Use," C. A. A. Joseph Froggatt & Co.; May 4, "Tax Statements, Personal Property, Franchise, Income etc.," L. A. Torrey, Ernst & Ernst; May 11, "Investment Procedure and Accounting," Fred H. Merrill, Fireman's Fund.

EDWARD D. MacDONALD, 56, former state agent for National Union Fire, died at Boston after an illness of several months. He had been active in the business for 35 years until his retirement in 1949 as a result of failing health.

Fire Company 1949 Statement Figures in Tabloid

| | Assets | Inc. In Assets | Reins. Res. | Inc. In Reins. Res. | Capital or Stat. Dep. | Surplus | Inc. In Surplus | Net Prema. | Losses Paid | Loss Ratio |
|-----------------------------|------------|----------------|-------------|---------------------|-----------------------|------------|-----------------|------------|-------------|------------|
| Appalachian, R. I. | 79,380 | 14,235 | 26,628 | 3,767 | 55,000 | 97,784 | 4,194 | 50,541 | 9,931 | 19.6 |
| Boston | 49,928,179 | 7,175,598 | 16,998,678 | 1,294,808 | 4,500,000 | 26,072,421 | 4,489,025 | 17,526,292 | 7,818,991 | 44.5 |
| Dubuque F. & M. | 6,717,678 | 188,936 | 106,679 | 35,577 | 1,150,000 | 2,427,262 | 87,207 | 2,858,171 | 1,182,351 | 41.3 |
| Equitable Fire, S. C. | 1,783,266 | 104,750 | 470,778 | 12,142 | 300,000 | 1,220,416 | 78,517 | 399,962 | 127,363 | 31.9 |
| F. & G. | 31,680,217 | 5,294,111 | 17,331,830 | 2,774,180 | 2,000,000 | 10,347,669 | 1,955,019 | 20,047,176 | 6,520,388 | 32.5 |
| Great Eastern, N. Y. | 1,152,967 | 94,975 | 228,617 | 26,234 | 250,000 | 889,042 | 81,793 | 271,824 | 121,254 | 44.6 |
| Louisville F. & M. | 2,570,587 | 342,652 | 771,210 | 71,621 | 1,000,000 | 1,174,954 | 42,651 | 1,953,620 | 988,860 | 50.6 |
| National Surety Marine | 5,280,803 | 631,580 | 2,380,123 | 289,161 | 1,000,000 | 1,039,515 | 245,169 | 3,419,708 | 1,344,183 | 39.3 |
| Northwestern F. & M. | 4,663,742 | 735,000 | 1,367,595 | 117,529 | 1,000,000 | 2,849,075 | 521,426 | 1,581,938 | 572,406 | 36.1 |
| Ohio Ins. | 3,530,729 | 638,119 | 1,196,682 | 181,738 | 500,000 | 1,800,242 | 307,576 | 2,018,757 | 561,536 | 27.6 |
| Old Colony | 18,631,694 | 2,091,975 | 7,285,104 | 654,917 | 1,000,000 | 9,186,301 | 1,603,016 | 7,511,226 | 3,350,996 | 44.6 |
| St. Louis F. & M. | 2,710,614 | 400,889 | 1,606,595 | 258,941 | 250,000 | 1,005,364 | 163,870 | 1,213,227 | 214,956 | 17.6 |
| Twin City Fire | 2,984,130 | 379,626 | 818,203 | 70,388 | 500,000 | 1,901,083 | 254,384 | 947,141 | 342,947 | 36.2 |
| Western Fire, Kans. | 6,908,201 | 1,646,480 | 3,496,373 | 985,294 | 1,000,000 | 2,477,381 | 406,712 | 5,691,693 | 1,752,286 | 30.7 |
| RECAPITULATED | | | | | | | | | | |
| Universal Underwriters, Mo. | 3,631,850 | 976,119 | 2,003,841 | 603,146 | | 1,396,331 | 339,176 | 3,150,832 | 397,407 | 12.6 |

*Increased from \$4,000,000.

Michigan Suburban Dwellings to Get Regular Rates

LANSING, MICH.—The Michigan department has accepted for filing, effective March 1, modifications in the definition of farm property to permit writing of certain suburban dwellings located on larger tracts, on a dwelling rate basis.

The filing was made by Michigan Inspection Bureau following a departmental inquiry sent out by Commissioner Forbes feeling out sentiment relative to such a change in view of the uncertainty on the part of many agents as to what schedules should apply to properties not of a farm character but conforming to the existing definition of farm risk.

One amendatory note eliminates from the definition of farm property the three-acre limitation which formerly applied to the suburban dwelling schedule. Another applies the regular dwelling schedule when: (A) Agricultural products produced on the land are incidental to its occupancy and are principally used for home consumption; (B) when the dwelling affected is not used in connection with farm operations although located on an actual farm which has its regular complement of farm buildings but not near enough to the dwelling to make it subject to farm hazards.

Rutherford Urges Maximum Agents' Pressure Against Indiana Claim Dodgers

W. H. Rutherford, associate manager of the western department of Hartford Accident at Chicago, impressed upon the South Bend-Mishawaka Assn. of Insurance Agents that agents have no right to complain about the attitude of certain companies in Indiana toward payment of third party claims unless they are sure that they, as agents, have done all they can to alleviate the situation.

Mr. Rutherford then pointed out that the "specialty" companies which are allegedly guilty of bad claims practice operate for the most part through agents. Agents' associations can wield considerable power in their communities and even those agents who do not belong to the association are not outside the pale of association influence. The bad public relations which sharp practices on claim payments cause the agent representing state companies plus pressure from the other influential agents can lead to reform in practices or a withdrawal from agencies on the part of the sharpie companies.

Mr. Rutherford opined that multiple line underwriting will do much to ameliorate litigation that arises in automobile cases between fire and casualty companies. As the fire companies begin to appreciate the position the casualty companies are in and vice versa, compromise should be more often possible.

The speaker maintained that insurance company management is growing more alert to the importance of prompt and proper claims settlements. He pointed out that the wages of bad claim practices are legislative investigations of the Indiana type. He indicated that the quality of manpower is improving steadily and that many more good men are becoming available for claims work.

Emotions Figure in Auto Cases
Mr. Rutherford said that automobile third party claim work is different from third party settlement in any other lines, because such an element of pride and emotion is present. The man who is involved in an accident while driving his automobile is filled with indignation and is usually visibly agitated by the occurrence. The same man involved in a claim where someone dropped a wrench on the top of his car from a

building would quite likely treat the matter as a business proposition and report and receive his claim in a calm and relatively detached fashion.

G. C. Schoettle, local manager of Western Adjustment, conducted a round table discussion on windstorm claims on television antennae. The South Bend territory recently suffered a large number of windstorm losses on such devices.

Ray Kenady of South Bend made a plea for closer cooperation between agents and companies in rate promulgations, underwriting changes and adjustment practices.

Revision of Auto Filings in Ohio Is Weighed

COLUMBUS — Representatives of National Automobile Underwriters Assn. are conferring this week with the Ohio department on automobile material damage rates and coverages, particularly as to the recent filing of towing coverage in connection with comprehensive protection.

It is expected that a revised filing, embodying a number of important changes, will be made within the next week.

Mack Howard Is Named

Mack Howard has been appointed special agent for Great American Indemnity in western Michigan with headquarters in the Grand Rapids National Bank building, Grand Rapids. He will work under the supervision of the Michigan service office at Detroit.



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Seaboard Fire & Marine Insurance Company
Southern Fire Insurance Company
Standard Insurance Company of New York
United States Fire Insurance Company
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Charlotte 2, North Carolina
Insurance Exchange Building
Chicago 4, Illinois
Union Commerce Building
Cleveland 14, Ohio
Patterson Building
Denver 2, Colorado
National Bank Building
Detroit 26, Michigan

NEW YORK 7, NEW YORK

251 Trumbull Street
Hartford 3, Connecticut
East Market Building
Indianapolis 4, Indiana
916 Walnut Street Building
Kansas City 6, Missouri
530 West Sixth Street
Los Angeles 14, California
Roanoke Building
Minneapolis 2, Minnesota

18 Beaver Street
Newark 2, New Jersey
Public Ledger Building
Philadelphia 6, Pennsylvania
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Significant Agency Cost Data Revealed in Study

Stott Findings Show Fire Business Unprofitable; Small Policies to Blame

NEW YORK—One thing the New York department did in its study of discounts on term fire business was to examine the effects a change in term rules would have on agency costs and income. For this purpose it analyzed closely the agency operations of John C. Stott at Norwich, N. Y.

Mr. Stott, past president of the National and New York Assns. of Insurance Agents and a member of the insurance board of New York which advises with the superintendent, made available all of his operating data and provided department accountants the fullest co-operation. Operating figures on his 1948 business are published in full.

No Profit Under \$50

Recognizing the limitations of the data, the report of Thomas L. Morrill, deputy superintendent, makes the following observations:

No net profits are shown from any line of insurance on policies with premiums of less than \$50, and on workmen's compensation and new fire policies, no net profit is indicated on policies with premiums of less than \$100.

The 1,775 policies of less than \$50 premium (on which premiums were \$40,765 and commissions \$9,776) produced a net loss to the agency of \$3,963. The 370 policies in the \$50 to \$100 premium group produced a net profit of \$333 and the 185 policies from \$100 to \$500 produced a net profit of \$2,256.

The agency would have operated at a loss except for a net profit of \$7,220

realized from only 39 policies (about 1.65% of the total), which produced premiums of \$65,631 and commissions of \$14,118. Profits were supplemented by gains of \$2,223 from hospitalization business and \$1,862 from brokerage.

On a per policy basis, it cost the agency on the average a net loss of \$3.97 for each premium under \$5 handled, \$3.64 for premiums from \$5 to \$12.50 and \$1.61 for premiums from \$12.50 to \$50. Policies over \$500 premium produced an average gain of \$185.12 each.

On both new and renewal policies of fire business smaller premium sizes predominate and profitable business is of insufficient volume to offset costs of handling the remainder of the fire writings. As a result, this line shows a loss of \$586 on 162 new policies and \$310 on 357 renewal policies for an aggregate loss of \$896.

On the fire line, new business of \$5 or smaller premium size produces a loss of \$6.25; \$5 to \$12.50, loss \$6.44; \$12.50 to \$50, loss \$3.76; \$50 to \$100, loss \$1.63; and renewal business, under \$5, loss \$3.21; \$5 to \$12.50, loss \$3.67; \$12.50 to \$50, loss \$2.20.

Effect of Term Elimination

The report then estimates the probable increase in total expense of the agency resulting from a complete elimination of term policies. In 1948 the office had 519 fire policies, of which 246 were annual, 267 three-year and six five-year. A total of 344 endorsements on all policies in force were issued during 1948.

Conversion of fire policies to the annual basis would increase the ultimate fire insurance work units from 2,862 to 4,908, an increase of 71%, and for all lines from 13,264 to 15,304 or 15%. Working time would be enlarged from

the present 6,661 hours to 7,656, an additional 995 hours. There would be on the 1948 base an increase in salaries of \$1,421.

Since most fire policies are written by agents rather than by companies, a reduction in the term discount would reduce the inducement to buy on the term basis and could reasonably be expected to result in more insured buying annual policies, the study points out. The swing to annual terms would probably be closely related to the extent of the reduction. Thus a real problem in any consideration of term discounts is the effect on policy writing expense.

Basic Increases in Cost

Basically the effect of a swing to annual business would increase policy writing expense five fold for every five year policy switched and three fold for every three year policy. There might be a partial offset in the lesser number of endorsements required. Thus the burden of extra policy writing costs would fall partly on companies but to a much greater extent on agents. The agent would receive commission on a higher annual premium, but even as to commission the agent would be at a temporary disadvantage. He would be receiving in the initial year one annual commission against the equivalent of four annual commissions on a five-year policy or 2½ on a three year policy.

OPERATION SETUP

The costs of operating an agency are determined, of course, by the amount, kind and distribution of business it writes and the services it renders. For the year 1948 the Stott operations are shown in the following tables. Twenty subproducers, 17 agents and three brokers, were under contract in 1948, operating on an approximate commission differential of 7½% less rate of commission received by the agency, and approximately 5% on hospitalization contracts. Some agents handle collections on policies they write, including issuance of their own invoices to insured.

The agency staff consists of owner, manager (from September, 1948), underwriter, policy writer, a receptionist who also attends the switchboard and acts as secretary, and a bookkeeper. The duties of each staff member and the time allocated to various functions is shown also below, together with the dollar value of services.

The agency adjusts claims on all casualty lines, represents companies at compensation hearings, examines damaged property or secures medical reports, obtains statements of interested persons, issues claim drafts, and secures releases where required, etc. It also does claim work on fire losses to a limited extent.

Processing of Business

It writes its own policies except hospitalization, and all endorsements. A copy of each policy and endorsement is placed in the line folder. Each policy is properly recorded in an agent's account current. Two such accounts current are maintained, one for fire, allied lines, inland marine and related covers and the second for casualty lines. The agency uses the Rough Notes bookkeeping system.

The agency operates a tickler file for expiration records. In it is placed one copy of the invoice and as a verification the agency copy of the account current is available for review. The appropriate line folders are delivered to the underwriter for processing, including entry of data needed for current renewal from 30 to 60 days before expiration. There may be correspondence with insured or insurer which is typed by the policy writer. Return to file and incidental duties also are performed by the policy writer.

The underwriter is responsible for issuing new and renewal policies and has under his control all expiration records, insureds' line folders and agency accounts current. reviews all applications

(CONTINUED ON PAGE 14)

FTC Itself Faces Probe; House Group Tells Aims

WASHINGTON—The House small business committee has announced its intention "to examine fully the federal trade commission's trade practice conference bureau in order to learn whether or not it is becoming, or tending to become, a little NRA."

This announcement is contained in a progress report from the committee, which charges FTC with "Rip Van Winkle somnolence."

The House committee said that "trade practice conferences, it is understood, have no express statutory sanction and operate on a voluntary basis. Trade practice rules have no actual legal authority except as they reflect prohibitions of existing anti-trust laws. Violators of trade practice rules cannot be prosecuted under the rules as such but only under the anti-trust statutes."

The committee's inquiry into trade practice procedures represents only one phase of its general investigation of FTC. It directed a questionnaire to FTC covering six general problems.

Backlog of Cases

The report said the committee will inquire into the backlog of FTC unfinished cases and how long it takes to get decision on them. The committee has heard that cases lie on commissioners' desks for months, sometimes for years, awaiting decision. It believes complainants and respondents are entitled to prompt decision.

"One of the weakest links in FTC operation appears to be the legal investigation of complaints," according to the report. From information available, the report said, "it strikes the committee that part, and perhaps a good part, of the Rip Van Winkle somnolence in the FTC may be charged directly to the slow process of legal investigation."

Commenting upon an FTC "stock phrase . . . with respect to complaints" that they are "placed in proper channels for appropriate attention," the committee said: "An interesting inquiry will be just where those channels run and where they come out, if ever."

The committee wants to know "the who, when, where, why and what of commission letters and statements on controversial issues." The committee plans examinations of letters and statements by FTC members, top personnel and others, including answers to 54 questions propounded by the Senate committee on interstate and foreign commerce.

Hits Lone Wolf Practice

The committee questions "the 'lone wolf' practice of handling important cases" by FTC employees removed from jurisdiction of their superior officers, "without benefit of counsel," the report suggests.

It also alludes to "economic legerdemain" of the FTC economic division and suggests the FTC planning council may have "become a forum for the more vocal employees of the commission," and whether bureaucratic power is lodged with the council.

Controlled Business Test Shapes Up in Ohio

COLUMBUS—The Henry Sieve Motor Co. of Cincinnati was given a hearing before the Ohio division of insurance on the question of revocation of its license. It was stated that too much of the insurance written was on controlled business. No decision was reached by the department, which has set hearings for two more automobile concerns on Feb. 24. In the last legislature, amendments were enacted that extended the controlled business test that is applicable to initial qualification for license to the renewal of license.



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AETNA FORM AT ISSUE

Auto Manufacturer Output Policy Is Challenged

The automobile manufacturers output policy of Aetna Fire and Century Indemnity have been declared to be inconsistent with the nationwide definition and interpretation of insuring powers, the decision having been made by a joint committee on interpretation and complaint.

Use of this form, according to the decision, involves the exercise of marine underwriting powers that are inconsistent with the nationwide definition and Aetna was requested to refrain hereafter from exercising marine charter powers in a manner inconsistent with the definition and to cancel or reform outstanding contracts.

If Aetna refuses to comply, the committee will request each state which has approved the form or in which it has been issued, to investigate and determine whether it may be properly used.

Analyzes the Policy

The subcommittee stated that the policy covers, with certain specified exclusions, all personal property owned by or in the custody of the assured or sold but not delivered (and at the option of the assured, the interest of processors or of others having possession of property belonging to the assured or for which the assured has responsibility) against all risks of physical loss or damage except certain enumerated perils wherever located in the U. S. except while on manufacturers premises or assembly plants used by the assured and while, in some instances, waterborne.

The committee cited certain specific instances of alleged conflict of the policy with the definition. For instance, the policy covers all personal property, not limited to autos, their parts or accessories, which would include domestic shipments not in transit and not in conformity with the section of the definition governing domestic shipments. Property in permanent storage or at points of sale distribution would be covered.

Since the policy excludes property on premises used by the assured as manufacturing or assembly plants, coverage would be indicated of property during manufacturing or assembling on any such premises used by others and this would be contrary to the definition.

The granting of specific coverage on patterns, dies, jigs, moulds, etc. is not in accordance with the pattern floaters provisions in the definition in that the only exclusion in the policy is that providing for the exclusion of premises used by the assured as manufacturing or assembly plants. Hence it would cover on any other premises of assured in permanent storage or otherwise.

The fact that the form covers all merchandise manufactured by the assured such as refrigerators, household appliances, etc. outside of the terms of the definition would go far toward nullifying the definition entirely, according to the committee.

Multiple Line Question

Anticipating the contention that under multiple line legislation, a company with fire and marine charters with license of property under all circumstances against all risks, the committee stated that it has heard that the policy has been approved in New York. The committee analyzed the New York multiple line law, concluding that the new statute simply brings about a manner and means of permitting fire and marine companies to write additional kinds of insurance without, however, altering the definition of kinds of insurance. The subject matter which might be written within a kind remained exactly as it was before the amendment. The committee concluded that any subject mat-

ter which did not qualify for marine coverage prior to enactment of the multiple line law was not made eligible for such coverage by these laws, at least in New York.

Also the committee expressed the belief that the situation is the same in practically all other states.

Dow Chemical Blast Causes Serious Losses

Factory Association had the insurance on the Dow Chemical Co. plant at Midland, Mich., that was damaged with an insurance loss of \$750,000 Feb. 16 as the result of an explosion. Eight workmen were killed and 13 seriously injured by the blast in the latex rubber paint processing plant. The broker is Johnson & Higgins.

Cause of the explosion is undetermined. Dow Chemical had the insurance under a blanket policy. Western Adjustment is handling the loss and has assigned three men to it.

The workmen's compensation was underwritten by Zurich.

Authorities believe the loss would have been much greater except for the company's well designed safety engineering disaster program. Those charged with

carrying out this program were able to materially cut down the loss of life, lessen the number of injured and check the spread of the fire.

Pepich Resigns, Forms New Agency at Chicago

Stephen T. Pepich has resigned as president and treasurer of the Anchor Agency of Chicago to form the American Insurance Agency in that city as president. Other officers of the new agency, which is temporarily quartered in suite 3232 of the Board of Trade building, are men who served with Mr. Pepich in the Anchor Agency. They include James E. Leach and James A. McVeigh, vice-presidents, and Robert D. Hayden, secretary-treasurer.

The new class one agency formed by Mr. Pepich represents for fire: Commercial Union, Columbia, Home, Birmingham, Reliance, Pearl, Travelers and Detroit F. & M.

The agency represents for casualty: Maryland Casualty, American Surety, Ocean Accident, National Surety, American Indemnity and Lloyds.

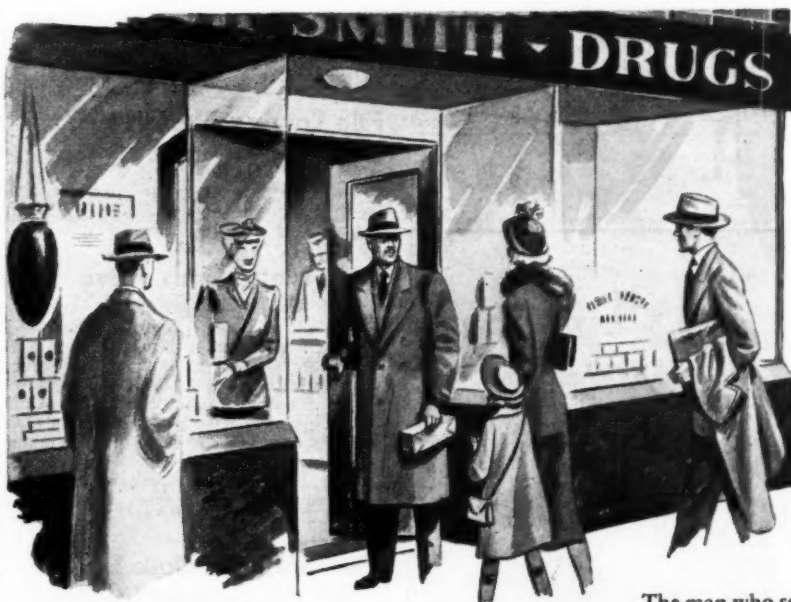
Mr. Pepich became president of the Anchor Agency last April and has been with that agency since it was founded

five years ago. Prior to that he was Cook county manager for Fred S. James & Co. for two years and a field representative for Commercial Union, operating out of the Critchell-Miller agency in Chicago for 10 years. He started with North America at Chicago.

Donald J. Neal New Atlas Aid in West Succeeding R. A. Nelson

Donald J. Neal has been appointed assistant western manager at Chicago for Atlas. He succeeds Robert A. Nelson, who has resigned and taken an official position with National Automobile Underwriters Assn. at Chicago.

Mr. Neal is an Illinois Institute of Technology fire protection engineering graduate of the class of 1936. He saw his inspection bureau service in Ohio, running until 1939. In that year he went into the Ohio field for National Fire and was connected with that company until entering the navy air force in which he was a lieutenant (j.g.). For a period after the war he was with Fireman's Fund until going with Atlas, where he has been connected with the Cook county department.



THIS is the
open-door policy!

An insurance policy is like a bottle of medicine—it can't do the job it's intended to do unless it has the right ingredients.

The man who sells thousands of different items... including toys, vitamin pills, sun lamps, patent and compounded medicines, sandwiches and ice cream concoctions... certainly needs a special type of insurance protection. But will he get it?

Will you open the druggist's door and sell him Druggist Liability and Products Liability insurance?

If you feel you need more information before presenting this form of insurance to the druggists in your community, write the Advertising Dept. for your copy of "True or False" and a reprint of an article titled "A Prescription for the Druggist."

CASUALTY • FIRE • MARINE

ROYAL-LIVERPOOL Group

150 WILLIAM ST., NEW YORK 8, N. Y.

ROYAL INSURANCE COMPANY, LTD. • THE LIVERPOOL & LONDON & GLOBE INSURANCE CO. LTD. • AMERICAN & FOREIGN INSURANCE CO. • BRITISH & FOREIGN MARINE INSURANCE COMPANY, LTD. • THE NEWARK FIRE INSURANCE CO. • QUEEN INSURANCE COMPANY OF AMERICA • STAR INSURANCE COMPANY OF AMERICA • THAMES & MERSEY MARINE INSURANCE COMPANY, LTD.

EAGLE INDEMNITY COMPANY • GLOBE INDEMNITY COMPANY • ROYAL INDEMNITY COMPANY

Joint Study Group to Review N. Y. Commission Issue

NEW YORK — New York state agents and brokers have decided to withhold at present any legislative proposal for setting up commission controls, following a meeting of company and producer leaders here Monday, at which it was agreed to name a committee of 12 to study the problem. Six members will represent insurers, three fire and allied lines and three casualty and allied lines. Six producer representatives, three brokers and three agents, will sit on the committee.

The committee will study the situation and report its conclusions and recommendations by Sept. 1.

The meeting of representatives of all interests in New York City was the first conference of its kind to be held, and the session voted to name the committee "to study ways and means of maintaining stable conditions with respect to commissions." John C. Stott, Norwich, N. Y., chairman of the committee representing producers in the state, took occasion to express special appreciation for the cooperation of company representatives in bringing about a possible solution to a serious prevalent problem.

Bonner Report Approved

WASHINGTON—The House committee on merchant marine voted to accept and approve the report of its Bonner subcommittee on war risk insurance. In doing so, however, the full committee voted an amendment stating that "nothing in the report shall be construed to limit or preclude further hearings of the matters dealt with by the subcommittee."

Rep. Weichel, Ohio, has demanded

full investigation of the maritime commission and war shipping administration insurance operations during the last war. However, the subcommittee decided there was nothing to investigate that has not already been covered in past inquiries since the war.

Join Winning & Levey

George P. Williams and Milford E. Jacobus have resigned from the Nathan L. Fairbairn general agency of San Francisco and have joined the Winning & Levey general agency of that city. The new firm name is Winning-Levey-Jacobus-Williams.

Mr. Williams was manager at San Francisco for National Union, Providence Washington and Boston for five years before these companies set up Pacific Coast departments. He then joined the Fairbairn general agency as executive vice-president and director.

Mr. Jacobus was casualty manager for London & Lancashire Indemnity and American Indemnity on the coast before going with the Fairbairn group in 1945.

T. H. Conderman Changes

Theodore H. Conderman has joined Fred S. James & Co. at Pittsburgh. Mr. Conderman is the third generation of a well-known Pennsylvania insurance family. His grandfather was an officer of Fire Association, and his father is a local agent at Philadelphia.

T. H. Conderman has been in insurance brokerage activities for several years prior to and since the war, having entered the business at New York following graduation from Princeton. For the past five years he has headed the marine department of Marsh & McLennan at Pittsburgh.

Jack Yeo of the Jackson agency has been elected president of the Maryville, (Mo.) Junior Chamber of Commerce.

Ask \$25,000 Compulsory Accident Cover on International Air Travelers

A resolution has been introduced in the House by Rep. Latham and referred to the committee on foreign affairs, directing the civil aeronautics board to secure an amendment to the Warsaw convention with reference to limitation of liability and overseas travel. The resolution declares that the present maximum liability of \$8,300 under the Warsaw convention regulating international air commerce is grossly inadequate to Americans. The memorial directs the civil aeronautics board to investigate the limitation and to require international air carriers operating into and out of the U. S., to secure insurance for and on behalf of each passenger in the amount of not less than \$25,000, the cost of such insurance to be added to the price of the ticket. This would apparently be a provision amounting to compulsory passenger accident cover, and raises many questions as to how records of such insurance would be kept, what sort of insurance policy or certificate would be provided, and how adequate records of the coverage would be kept.

Aviation insurance men recall that not long ago a bill was introduced in Congress to require air passengers to supply their full name and address and name of next of kin. It was defeated. The Latham resolution might involve the same sort of requirement.

The resolution directs the State Department and CAB to take appropriate procedures to institute a revision of the Warsaw convention, raising the amount of the limitation on the carriers liability to such sum as would be commensurate with the promotion of international aviation and the safety and security to passengers.

File Towing Plan in N. Y.

National Automobile Underwriters Assn. has filed the plan to make the towing service coverage part of the basic comprehensive coverage without extra charge in New York.

L. A. Motor Club Move

LOS ANGELES—American Automobile Club of Los Angeles, owned and operated by Mueller Bros., service station operators, in a letter to companies is soliciting business from the companies for collision coverage at a 15% reduction. The Club says it will take business only from agents and brokers. Its membership fee is \$12 of which \$5 goes to the agent. It offers state wide service and \$10 reimbursement for out-of-state losses.

Get Broderick Case Stay

DETROIT—Counsel for Dearborn National and Dearborn National Casualty have obtained a 20-day stay order from Judge Ferguson in circuit court here to delay execution of a court order supporting Commissioner Forbes' attack on the interlocking corporate setup of the companies.

This prevents any action by the commissioner until March 2 but he previously had indicated he would not act earlier than March 1, anticipating the likelihood of such a development.

Eden Joins Seattle Agency

Carrell C. Eden, for three years special agent at Seattle for Travelers, has joined Frazier & Co., Seattle general agency, as special agent covering western Washington. Mr. Eden went with Travelers following graduation from University of Washington.

The bosses day dinner of Wichita Assn. of Insurance Women was held Feb. 20. President Marie Biegler of the Benjamin agency presided. About 150 were in attendance. E. E. Eakin, Chicago, Employers group western department manager, was speaker.

Jan. Fire Losses Show 1½% Gain at \$58,823,000

Fire losses in January totaled \$58,823,000, an increase of 1.5% over losses for the same month a year ago, but 12.6% below the loss estimate of \$67,279,000 for December, according to estimates of the National Board.

For the 12 months ending Jan. 31, losses are estimated at \$668,433,000, a decline of \$37,597,000, or 5.3% from the total for the 12 months ending Jan. 31, 1949.

Employers Named McDonald Chief Auto Underwriter

Thomas H. McDonald has been appointed chief automobile underwriter in home office automobile and aviation department of Employers Liability.

Mr. McDonald has been with Employers since 1928 and in the automobile department since 1931. He has been underwriter since 1946.

Joins Edward Brown & Sons

Charles Von Tegen, veteran special agent in California, has joined the Edward Brown & Sons general agency at San Francisco. He will travel the San Francisco east bay, San Joaquin valley and south coast counties, with additional service to that already rendered by specials in those territories.

State Fund to Up Rates

Workmen's compensation and medical aid rates in most classifications have been increased by the monopolistic Washington state fund.

In 59 of 84 classifications, rates have been boosted for workmen's compensation, while an increase in medical aid rates was made in 65 of 84 classes.

The increase was made necessary because of greater benefits under recent amendments to the industrial insurance laws. There have also been some court decisions liberalizing the definition of injuries and occupational diseases. It has been estimated that the two funds paid out \$16 million in 1949 and collected only \$15 million in premiums.

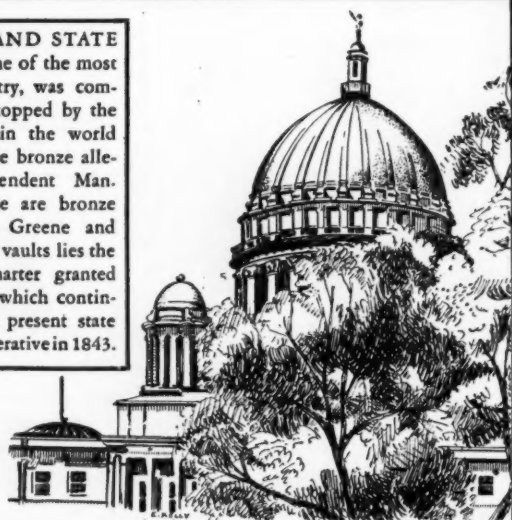
Thomas R. Dew of U. S. Guarantee has been elected president of Drug & Chemical Club of New York.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. La Salle St., Chicago Feb. 20, 1950

| | Par. | Div. | Bid | Asked |
|-----------------------|-------|------|-----|-------|
| Aetna Casualty | 3.00 | | 97 | 99 |
| Aetna Fire | 2.20 | | 62 | 64 |
| Aetna Life | 2.50 | | 63 | 64 |
| American Alliance | 1.20 | | 25 | 26 |
| American Auto | 2.00 | | 56 | 57 |
| American Casualty | .80 | | 17 | 18 |
| American (N. J.) | .90 | | 21 | 22 |
| American Surety | 2.50 | | 64 | 66 |
| Boston | 2.40 | | 63 | 65 |
| Candler Fire | 1.15 | | 22 | 24 |
| Continental Casualty | 2.50 | | 67 | 69 |
| Fire Association | 2.50 | | 64 | 66 |
| Fireman's Fund | 2.60 | | 92 | 94 |
| Firemen's (N. J.) | .60 | | 23 | 24 |
| Glens Falls | 2.20 | | 53 | 55 |
| Globe & Republic | .60 | | 13 | 14 |
| Great Amer. Fire | 1.30 | | 30 | 31 |
| Hanover Fire | 1.60 | | 35 | 37 |
| Hartford Fire | 3.00 | | 121 | 123 |
| Home (N. Y.) | 1.60 | | 35 | 36 |
| Ins. Co. of North Am. | 3.50 | | 105 | 107 |
| Maryland Casualty | .75 | | 20 | 21 |
| Mass. Bonding | 1.60 | | 30 | 31 |
| National Casualty | 1.50 | | 30 | 32 |
| National Fire | 2.50 | | 62 | 64 |
| Natl. Union Fire | 1.40 | | 37 | 39 |
| New Amsterdam Cas. | 1.30 | | 42 | 44 |
| New Hampshire | 2.00 | | 45 | 47 |
| North River | 1.20 | | 26 | 27 |
| Ohio Casualty | 1.20 | | 26 | 27 |
| Phoenix, Conn. | 3.00 | | 102 | 104 |
| Preferred Acc. | | | 5 | 6 |
| Prov. Wash. | 1.50 | | 35 | 36 |
| St. Paul F. & M. | 2.60 | | 99 | 101 |
| Security, Conn. | 1.60 | | 37 | 38 |
| Springfield F. & M. | 1.90 | | 47 | 49 |
| Standard Accident | 1.60 | | 37 | 39 |
| Travelers | 12.00 | | 448 | 455 |
| U. S. F. & G. | 2.00 | | 53 | 54 |
| U. S. Fire | 2.00 | | 65 | 67 |

THE RHODE ISLAND STATE HOUSE, considered one of the most beautiful in the country, was completed in 1901. It is topped by the second largest dome in the world and surmounted by the bronze allegorical figure, Independent Man. Guarding the entrance are bronze statues of Nathanael Greene and Oliver Perry; within its vaults lies the original parchment charter granted by Charles II in 1663 which continued in force until the present state constitution became operative in 1843.



Chartered by an act of the Rhode Island General Assembly in 1848, the Pawtucket Mutual has compiled an outstanding record of continuous dividend payments and prompt loss settlements.



INCORPORATED 1848

PAWTUCKET MUTUAL

FIRE INSURANCE COMPANY

26 MAPLE STREET, PAWTUCKET, RHODE ISLAND

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NEWS OF FIELD MEN

Large Turnout for Mich. Pond and PR Groups

About 135 attended the banquet of Michigan Blue Goose at Grand Rapids. This followed a gathering of the flock in the afternoon at which 17, known as the "Ray Hull Class" were initiated. This was in honor of J. Ray Hull, American States, Indianapolis, most loyal grand gander, who was present and extended greetings. Denley I. Priest, Underwriters Adjusting, Grand Rapids, presided.

At noon there was a luncheon meeting of the Michigan public relations committee with Roland H. Lange, Hartford Fire, state director of the public relations committee presiding. Speakers were Mr. Priest and R. F. Irvine of Western Adjustment, who spoke on "The Adjuster and Public Relations."

The five regional PR chairmen reported on activities that included work with municipal fire departments, fire chiefs associations, agents educational clinics, state license examination revisions and appearances before public groups.

Gisburne Eastern Mo.

State Agent; Eadie in Field

Robert M. Gisburne has been made state agent of Home in eastern Missouri, with headquarters at St. Louis. Mr. Gisburne joined Home in 1932 as a loss clerk, later became special agent and in 1946 associate state agent. He will serve under Manager Joseph F. Lisy.

James M. Eadie, Jr., has been appointed special agent-engineer in the Chicago office. He joined the farm department at Chicago in 1940. After five years war service he rejoined the company as claim adjuster there. He has an Illinois Tech degree in fire protection engineering. He will serve under Resident Secretary L. J. Fischer.

Launch Speech Course for Eastern Field Clubs

NEW YORK—Eastern Underwriters Assn. conducted an all-day session here to outline the training course for effective speech, prepared by its public relations committee for 10 field men who are public speech instructors for the various eastern field clubs. The course covers five sessions and those attending the meeting here will conduct the courses this spring.

Those attending were E. S. Perrigo, New Hampshire Fire, Augusta, Me., Pine Tree State Field Club; David S. Rounds, Aetna Fire, Syracuse Field Club; David L. Vigue, Phoenix-London, Boston, Bay State Field Club; A. F. Checkett, Fireman's Fund, New York Suburban Field Club; R. E. Burdick, Potomac, Newark, New Jersey Special Agents Assn.; W. D. Sheldon, Niagara, Newark, and C. A. Fortman, Fireman's Fund, Newark, both of New Jersey Field Men's Assn.; Richard G. Vedeler, Springfield F. & M., Manchester, N. H., Mountain Field Club; Irving H. Worth, Royal-Liverpool, Boston, Bay State, and M. R. Markoe, Aetna Fire, Camden, Insurance Field Club of New Jersey.

Crum & Forster Name Wolfe, McLaughlin in Field Changes

Chester R. Wolfe, special agent for Crum & Forster in West Virginia, has been promoted and transferred to western Pennsylvania with headquarters at Wood street, Pittsburgh.

William C. McLaughlin has been appointed West Virginia special agent with headquarters at 522 Kanawha Valley building, Charleston.

Messrs. Wolfe and McLaughlin are veterans of the last war.

Speech Class in Kansas

Twenty-five Kansas field men, adjusters and inspectors have organized a speech training class to be instructed by Prof. E. C. Buhler of Kansas University. Frank Regier, Carroon & Reynolds, is chairman of the committee in charge. Classes started with a dinner meeting at Topeka, Feb. 20. There will be nine meetings during the course.

Fletcher to Minn. Field

Howard H. Fletcher has been appointed special agent for Crum & Forster in Minnesota.

Mr. Fletcher, a veteran of the recent war, joined Crum & Forster after service with the Nebraska Inspection bureau. He has been with the engineering department at Freeport and taken the underwriting training program. His new headquarters will be at 607 Marquette avenue, Minneapolis.

Thirty-eight members of Minnesota State Fire Prevention Assn. completed an inspection of St. Cloud. At the banquet the address was made by Richard

E. Vernor of Western Actuarial Bureau. Willmar will be inspected March 23.

Testimonial to Little

A testimonial dinner will be tendered by Iowa field men to T. C. Little, retiring state agent of Fireman's Fund, on March 27 at Des Moines. A. E. Holt, Aetna Fire, is chairman for the dinner. Mr. Little, who is retiring at 65, has been with the company nearly 25 years.

McCaffrey Named in Nevada

Security of New Haven has appointed J. F. McCaffrey state agent in Nevada. Mr. McCaffrey was formerly in the Los Angeles office. He succeeds F. A. Chartier, who resigned to join Western American Corp., Reno general agency, as assistant manager and vice-president.

Tillstrom to Fireman's Fund

C. W. Tillstrom has joined Fireman's Fund as farm and hail special agent in Michigan with headquarters at Grand Rapids. He has had 10 years experience as a local agent at Berrien Center, Mich., and for several seasons has solicited and handled adjustments in the drop hail field.

Initiate Five in Okla.

Oklahoma Blue Goose took in five new members at an initiation at Tulsa attended by 75 members.

Springfield Names Two in Canada

G. Melville Ball has been appointed special agent in Ontario for the Springfield group with headquarters at Toronto. G. J. Cunningham has been appointed special agent at Winnipeg, supervising Manitoba, eastern Saskatchewan and northwestern Ontario.

Name Campbell at Philadelphia

National Union has appointed Frank W. Campbell, Jr., as special agent at Philadelphia. Mr. Campbell is a graduate of Penn State College and was in the air force during the war. He has completed an insurance training course.

Erward P. Walsh, San Francisco deputy chief fire marshal outlined activities of the city fire department at a meeting of San Francisco pond of Blue Goose.

Robert H. Veller has joined Home as special agent at Nashville, with headquarters in the Nashville Trust building.

Is the Insurance Agent really "a Good Man to Know"?



PEOPLE KNOW THE INSURANCE AGENT!

But do People Know Why
the Insurance Agent
is a Good Man to Know?

Of course, the insurance agent is "a good man to know"! But—do people *know* you're a good man to know?

The answer is "Sure—everybody knows *me*. I see to it that they do!" . . . But maybe they know you primarily as a good individual, as a good citizen, as a civic leader, as president of your service club, as a valuable man who would do well at *anything*.

Shouldn't they know you as the local *insurance agent*? The indispensable representative of

safety and protection, the man whose knowledge and foresight is essential to the well-being of your community? The man who represents the honored and time-tried system of protecting people from disaster which we call "security, American-style"?

People may know the agent very well as an *individual* but they need to know more about him as an *insurance agent*!

They need to be told what the agent does to make him "a good man to know".



Ohio Farmers Insurance Company

Chartered 1848 . . . Le Roy, Ohio

OHIO FARMERS INDEMNITY COMPANY



THE INSURANCE AGENT IS A GOOD MAN TO KNOW

Program Is Given for N.A.I.A. Parley and Midwest Conference Mar. 27-30

ST. LOUIS—Some 500 reservations for hotel space are at hand for the N.A.I.A. midwest territorial conference at Hotel Statler here March 27-30. B. G. Gregory, executive secretary Missouri Assn. of Insurance Agents and manager of Insurance Board of St. Louis, is director of convention activities. Conference chairman is H. H. Corson of Nashville. The program is:

Saturday, March 25

State association executive secretaries and managers meeting, throughout day and evening, including dinner.

N.A.I.A. executive committee meeting, with Melvin Miller, Fort Worth, presiding, throughout day.

Sunday, March 26

State association executive secretaries and managers meeting throughout day.

N.A.I.A. executive committee meeting all day.

Missouri Assn. of Insurance Agents executive committee meeting afternoon and evening, including dinner.

Midwest Territorial Conference officers dinner meeting.

Monday, March 27

General session of midwest territorial conference, with Mr. Corson presiding, from 10 to 10:45 a. m., followed by the midwest conference committee meeting, with George Carter of Detroit presiding.

Fire Safety luncheon, John J. O'Toole, St. Louis, presiding.

Accident prevention luncheon, T. K. Robinson, Memphis, presiding.

Ladies entertainment, luncheon at Anheuser-Busch brewery.

Address by Esmond Ewing, vice-president of Travelers, on "The Effect of Multiple Line Underwriting on Agency Operations," 2:30 p. m., followed by the large agents meeting with Walter M. Sheldon, Chicago, presiding and with interstate operations as the main theme.

Intrastate operations will be the theme of a gathering of local agents, commencing at 3:15 p. m., with Karl Dakin, Lebanon, O., presiding.

Dance with Missouri association and Insurance Board of St. Louis as hosts.

Tuesday, March 28

Rural agents breakfast, C. R. Hewitt,

Minnesota, presiding.

General session of territorial conference, 9:30 to 10 a. m.

Forum on agency expense, Robert Maxwell, Texarkana, Ark., presiding, 10 to 11:45 a. m. The panel members will be John M. Hennessy, Louisville; C. M. Hunt, Nashville; Max Staley, Wichita, and Leon E. Werntz, Fort Smith, Ark., and Oscar Beling, Royal-Liverpool, moderator.

Luncheon of conference officers and state delegates, and report of committee on entire program.

Ladies luncheon at Norwood Hills Country Club and book review by Mrs. Emily Kimball Lilly.

Forum on technical problems, with Emil L. Lederer, Chicago, presiding, commencing at 2:30 p. m. The panel members will include: R. V. Hood, Duluth; William L. Leppert, Indianapolis, and Gerald E. Myers, Chicago, and George V. Whitford, assistant western manager of Fire Association, moderator.

General session for unfinished business, 4 p. m.

Banquet and entertainment, the latter through the courtesy of American Auto.

Wednesday, March 29

Meeting national board of state directors, morning and afternoon.

Style show for women at Scruggs-Vandervort-Barney's, 2 p. m.

Cocktail party for members of state directors and N.A.I.A. and state association officers and invited guests, with American Auto as host.

Concert by Moolah Temple Chanters, 8 p. m.

Thursday, March 30

Meeting of state directors, morning and afternoon.

Carroll Goes With Agency

Frederick A. Meagher Co., general agency at Boston, has named Frederick S. Carroll special agent for eastern Massachusetts.

Mr. Carroll was for 15 years with O'Brien, Russell & Co., at Boston, and in 1939 joined General Accident, where he served as a special agent at Springfield, Mass., branch manager in Indiana and as a superintendent of production in Michigan.

Nelson Leaves Atlas for N.A.U.A.

National Automobile Underwriters Assn. has named Robert A. Nelson Assistant branch secretary to serve with Branch Secretary Paul Fry and Assistant Branch Secretary J. M. Japenga in the Chicago office.



Robert A. Nelson

Mr. Nelson is a graduate of the school of commerce of University of Illinois. He has had wide insurance experience in the midwest. He was for a number of years with Western Factory Insurance Assn., his duties dealing with underwriting, engineering and inspection. Since 1937 he has been with Atlas, first as special agent in the midwest and since 1942 as assistant manager of its western department, except for his period of military duty. His father is Axel Nelson of the western department of Hanover.

Name Committee Heads of Western Risk Conference

Chairmen of the standing committees of Western Conference of Special Risk Underwriters have been appointed by Robert A. Nelson, Atlas, chairman of the advisory committee.

The committees and their chairmen are: Membership, Tilford G. Webster, Home; research, Sidney G. Behlmer, Hartford; business interruption, R. Kermit Hill, Springfield F. & M.; interesting losses, E. F. Reske, Cook County Inspection Bureau; changes in rules; H. O. Snediker, Western Actuarial Bureau; fire protection, John Ahern, Illinois Institute of Technology; multiple location, P. J. Doyle, W.A.B.; current events, C. N. Mullican, Jr., Fireman's Fund; legal decisions, H. E. Hagen, Travelers Fire; brokerage and impairment blanks, W. G. Martin, America Fore; inspection reports, Emil J. Hepp, Springfield F. & M.; mill and elevator, Paul Mann, Hartford; speakers, James P. Jana, Hanover, and arrangements, Freeman C. Read, Royal Exchange.

Fire at Belvidere, Ill., May Cost \$1 Million

The \$1 million foundry of National Sewing Machine Co. at Belvidere, Ill., was heavily damaged by a fire Monday with loss to building and contents that may reach \$800,000.

The fire apparently started when a spark from the molten metal fell from a cupola on the wooden roof. Estimates of the building loss run as high as 75 to 80%, while the machinery loss is as yet undetermined.

The business was written by the W. J. Foster agency of Chicago and the loss is being handled by Western Adjustment and Wagner & Glidden.

Discuss Temporary License Angle of New Kentucky Code

FRANKFORT, KY. — Following numerous hearings here and elsewhere, the new insurance code for Kentucky, which has been in preparation two years or more is believed to be ready for action.

The most recent conference took up the subject of temporary licenses. Some amendments were agreed on to meet objections of mutuals, to give them the right to do business with governmental agencies. Reciprocity sought the same thing, but it was opposed by the committee. The bill provides for 90-day temporary permits for industrial life agents.

W. Ray Moss, Louisville, representing National Assn. of Life Underwriters; A. L. Atchison, Lexington, Kentucky Life Underwriters Assn.; W. W. Ziege, Louisville, Falls Cities Assn. of A. & H. Underwriters, and W. E. Howard, Louisville manager of Kentucky Farm Bureau, were among those favoring temporary licenses.

Morton Boyd, president of Commonwealth Life, spoke against all-inclusive temporary licenses, contending that the code represents sound legislation. He said his company approved of the code as in the best interests of the public, and he feels that the best interests of all would be served by not departing from the proposed code. He said his company has 335 industrial and ordinary life agents in Kentucky.

Erwin A. Meyers, representing farm mutual companies, argued that rural mutual agencies would be penalized if not allowed temporary licenses and time to train agents before they have to pass insurance examinations, and if they had to pass examinations at the outset, the farm mutuals would get no agents.

Backed Fully by Some

Several speakers for the code reported that it has 100% backing of their organizations. They said extension of temporary permits to every phase of the business would merely clutter it up with a lot of part-timers, who would write all their friends and relatives, personal business, and what not, then drop out, meaning a constant string of part-timers on an alleged training basis.

Kentucky Bankers Assn. held a meeting here in view of a report that the bill would prohibit banks in the future from acting as insurance agents, although providing for those already operating. The bill merely provides that an agent's business cannot include more than 50% of so called "controlled" business. Experts, conversant with the bill hold that there is nothing in it to prohibit bank agencies. All objection of the bankers to the bill was withdrawn, and in fact they announced that they were satisfied and for it.

Insurance Women of Hutchinson, Kan., heard Earl Campbell of the Western companies of Fort Scott speak on "Health Insurance."

1949 RESULTS OF MUTUAL COMPANIES

| | Adm. Assets | Unearned Prem. | Net Surplus | Net Prem. | Net Losses Paid |
|--------------------------------|-------------|----------------|-------------|------------|-----------------|
| Cambridge | 2,482,163 | 1,407,550 | 889,681 | 1,484,216 | 395,241 |
| Cooperative, N. Y. | 506,769 | 271,896 | 202,770 | 282,009 | 94,919 |
| County Mutual, Chicago | 11,571,812 | 4,675,749 | 4,384,308 | 5,695,581 | 847,219 |
| Farmers Alliance, Kan. | 3,518,424 | 2,019,575 | 1,302,982 | 1,688,759 | 595,722 |
| Hardware Dealers, Wis. | 20,487,585 | 11,410,191 | 6,584,099 | 12,482,613 | 2,860,543 |
| Lumber Mutual, Boston | 14,447,648 | 3,117,326 | 3,514,941 | 10,330,062 | 2,919,269 |
| Merrimack, Mass. | 6,326,659 | 2,194,013 | 3,766,762 | 2,233,253 | 959,316 |
| Olive, Kingston, N. Y. | 6,905,384 | 4,222,650 | 2,113,703 | 4,136,888 | 1,172,238 |
| Otsego, N. Y. | 389,836 | 211,419 | 149,686 | 223,317 | 91,239 |
| Penn. Millers, Wilkes-Barre | 844,466 | 343,409 | 459,630 | 345,370 | 146,441 |
| Penn. Threshermen & Farmers | 7,032,907 | 2,400,706 | 3,299,992 | 2,825,741 | 912,259 |
| Protective, Neb. | 1,690,119 | 815,793 | 762,317 | 1,229,417 | 318,813 |
| Tompkins, Ithaca, N. Y. | 192,517 | 64,545 | 118,046 | 155,851 | 57,982 |
| Tri-State Grain Dealers, Minn. | 421,586 | 233,648 | 160,715 | 234,490 | 93,473 |
| Union Mutual, R. I. | 1,641,695 | 594,037 | 893,187 | 673,062 | 297,824 |
| Utica, N. Y. | 1,983,999 | 1,084,207 | 758,474 | 806,344 | 380,254 |
| Western, Des Moines | 1,049,470 | 522,641 | 475,540 | 453,587 | 163,887 |
| | 3,635,215 | 1,449,011 | 1,154,723 | 2,772,934 | 880,027 |

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Ohio Auto

From W. kin & Ran. The wri the ranks have never. However, sue unde Plan Hot statement permitted if, as I s Ohio read not be the less, I wis In that tion with filings of ducing the adding th also have connection Dec. 12, by on physic state. After that the a Dayton subject of to say tha program s tory."

Sees Situa

I am en letter whi the home any repr Zanesville, There are perusal of cate to y served by offices, th "entirely that, I ha with the h of Insuran hear in th statement is most un out the st contradic A basic ness is th That is w insurance of our ex are still t it seems his right plain to a mobile ins perience of ing bodie is at such anywhere others. I would be so.

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Ohio Agent's Auto Lament

From Walter H. French of the Rankin & Rankin agency, Zanesville, Ohio:

The writer would prefer to remain in the ranks of those who still can say "I have never written a letter to the editor." However, your article in the Feb. 9 issue under the title "Free Towing Service Plan Hot Issue in Ohio" contains a statement which definitely must not be permitted to go by without comment. If, as I suspect, my fellow agents in Ohio read this article thoroughly, I will not be the only commentator; nevertheless, I wish to add my voice to theirs.

In that article you reviewed the situation with reference to the recent rate filings of the N.A.U.A. companies reducing the comprehensive coverage and adding the towing charge gift. You also have some comments to make in connection with the previous filings of Dec. 12, by the same underwriting group, on physical damage coverages in this state. After some comment to the effect that the agents in Cincinnati, Hamilton and Dayton have made these filings the subject of bitter objection, you go on to say that "elsewhere in the state, the program seems to be entirely satisfactory."

Sees Situation Unsatisfactory

I am enclosing herewith a copy of a letter which we recently addressed to the home office of every N.A.U.A. company represented by this agency in our Zanesville, Columbus and Newark offices. There are some 17 of them. A careful perusal of the attached letter will indicate to you that, at least in the areas served by the three above mentioned offices, the program definitely is not "entirely satisfactory." In addition to that, I happen to have a close liaison with the headquarters of the Ohio Assn. of Insurance Agents, and from what I hear in that office, I would say that a statement to the effect that the situation is most unsatisfactory generally, throughout the state, could not be successfully contradicted.

A basic concept of the insurance business is that rates are dictated by losses. That is what we have been telling the insurance buying public for the 30 years of our existence, and that is what we are still trying to tell them today. But it seems to the writer that no man in his right mind would attempt to explain to a prospective purchaser of automobile insurance how it is that the experience of the two principal underwriting bodies doing business in this state, is at such variance, that some can write anywhere from 10 to 25% less than others. It simply is not so, and a man would be a fool to attempt to prove it so.

Unfavorable Public Relations

The most unfavorable public relations created by these last two filings is not just one more straw on the camel's back leading to eventual legislative action in automobile insurance, it is a dozen or more. Some 35 or 40 years ago, the insurance industry had a situation of this kind, and handled it with equal stupidity. If we keep up the way we're going now, with such filings and such rate differentials as are now in existence, we are simply asking for a state fund in automobile insurance, just as we now have in workmen's compensation.

The creation of additional competition through the automobile clubs is an important issue. Definitely, the towing service gift should be withdrawn. But that is a minor issue. No agent worth his salt, backed up by sound underwriting practices and sound companies, ever ran from competition. But if we continue to make ourselves the laughing stock, not only of our non-national bureau competitors, but the public as well; then we are not creating competition, we are signing our own death warrant. If we are stupid here, there is every

reason for the public to assume that we will be stupid in other lines as well.

I assure you, Mr. Editor, that "elsewhere in the state the program seems to be entirely satisfactory," is, to say the least, a completely erroneous conclusion.

Masters to Be Advanced to President of F.U.A.P.

SAN FRANCISCO—R. B. Masters, assistant manager of the Pacific department of Security, has been nominated for president of Fire Underwriters Assn. of the Pacific. The election is March 9. Mr. Masters has been vice-president the past year and before that had served as chairman of the educational committee and on the executive committee.

John M. Wylie, manager of Springfield Fire & Marine, is nominated for vice-president. H. L. Simpson, secretary, and George H. Whitney, treasurer, both retired, are slated to succeed themselves. Both serve practically full time as dollar a year men.

Nominated for the executive committee are H. W. Semmelmeier, Planet, retiring president; Mr. Masters, Mr. Simpson, Mr. Whitney, Mr. Wylie, Frank

H. Spencer, Commercial Union; Benton A. Sifford, Edward Brown & Sons, and H. H. Cobb, Loyalty group. Mr. Cobb is slated for chairman of the educational committee. The educational activities of F.U.A.P. in southern California have been materially advanced and a plan of cooperation with headquarters in San Francisco has been developed.

Sather Takes Top Post in Minnesota Blue Goose

MINNEAPOLIS — At the annual meeting of Minnesota Blue Goose, Frank S. Sather, St. Paul Fire & Marine, was elevated to most loyal gander; David White, Home, supervisor; F. I. Peters, Western Adjustment, custodian; Joe Rogers of the Frank S. Rogers general agency, guardian; Don J. MacLennan, Fire Underwriters Inspection Bureau, keeper, and Stanley J. Friedland, Charles W. Sexton Co., wielder.

Life memberships were voted to George Duerr, retired state agent of Providence Washington; George H. Cole, Fire Underwriters Inspection Bureau, retired, and Charles J. Lund, general manager, Fire Underwriters Inspection bureau.

Harry B. Lucky, Aetna Fire; Oscar

Bergeson, Fire Underwriters Inspection Bureau; H. F. Doering, American; George D. Van Wagenen, general agent, and Leonard Zell, Hanover, received 25-year membership pins. There were 36 candidates initiated.

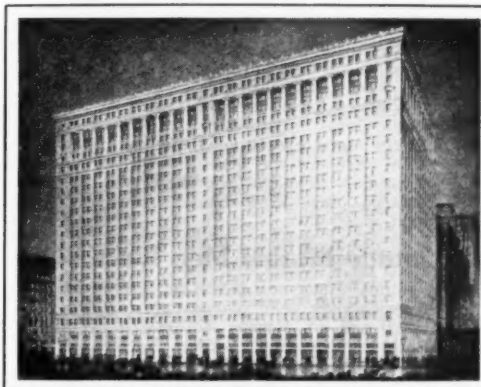
Attending from out of town were J. Ray Hull, most loyal grand gander, Indianapolis; Sam L. Sterling, grand guardian, Winnipeg; R. A. Kenzel, grand wielder, Milwaukee.

Schirmer in Agency Field

M. E. Schirmer, who has been with Western Adjustment there, has purchased an interest in the Roberts & Cook Realty Co., Sioux Falls, and becomes head of the insurance department. He has been in the insurance business 15 years.

Form New Coast Agency

Cedric T. Bristow and Loretta M. Moore have formed the Bristow-Moore agency of Burlingame, Cal. Mr. Bristow and Miss Moore have owned and operated the Ashley R. Faull general agency, and that business is being transferred to the new firm. Mr. Bristow has been in the business since 1929 and Miss Moore started her insurance career in 1930.



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State Fire Self-Insurance, Merger of Department Proposed in Idaho

A proposal to consolidate the state insurance department with the finance department, and a bill to create a \$1 million state fire self-insurance fund are before the special session of the Idaho legislature.

The insurance department merger proposal would result in the abrogation of the department and it would become part of the finance department. Governor Robbins of Idaho has indicated that it is doubtful that this proposal will be adopted.

The fire fund bill would place annual assessments on state departments to support the fund. A saving in premiums of \$93,000 a year is the goal.

The possibility of a casualty rate regulation bill coming up is doubtful.

Describes Escott Plan

Frank Montesani, chief of the rate regulation bureau of the California department, outlined pros and cons of the Escott plan for multiple location risks at a meeting of the San Francisco insurance post of American Legion.

The post has planned a golf tournament for Feb. 24 to be held at Green Hills Country Club.

Hold "Problem Meeting"

SAN FRANCISCO—A "problem meeting" was held Feb. 21 by Pacific Coast Fire Loss Assn., where problems submitted by members were presented for open discussion. Members had been asked to submit individual or company loss problems anonymously. Others were presented from the floor.

The meeting was arranged by the association's problem committee. A. H. Bonstin, New York Underwriters president.

Seattle Marine Men Elect

James Longmuir, Marine Office of America, has been elected president of the Board of Marine Underwriters of Seattle, succeeding Gordon F. Rennie, St. Paul group.

Dave Carey, Fireman's Fund, is vice-president. Irwin Mesher and F. W. Perry, Union of Canton, were reelected executive secretary and treasurer, respectively.

N. H. Midyear Plans

New Hampshire Assn. of Insurance Agents is holding its first midyear meeting in history March 8, at Laconia. Mountain Field Club is putting on a program for the benefit of the agents. Tentatively the gathering is to start with a motion picture, then there will be a discussion of the new garage liability policy, next an inland marine topic, then something on steam boilers, buffet lunch, and afternoon devoted to other insurance subjects.

Illinois Post to Insurance Man

Frank Lyman, Jr., of the Arthur J. Gallagher agency of Chicago, has been appointed assistant state treasurer of Illinois. Mr. Lyman has been with Gallagher for a number of years except for a period of service in the air force. He is Democratic ward committeeman of Chicago's 48th ward.

F. X. Malley, vice-president of American Re-Insurance, is on vacation in Florida.

The annual dinner and show of Surety Underwriters Assn. of Southern California has been set for March 17, at Los Angeles.

The summer home of Austin Case, president of the Rainier National, was destroyed by fire recently. The lodge was located at Vashon Island near Seattle. It was built at a cost of approximately \$74,000 and was insured for \$22,000 with \$3,000 on the contents.

Increase in Va. Maximum Benefits Is Debated

RICHMOND—Proposals to increase workmen's compensation maximum benefits from \$20 to \$25 weekly were debated before the general laws committee of the Virginia house.

Delegate Lewis A. McMurran, Jr., of Newport News, chief supporter of the measure, told committee members that the \$25 maximum would put Virginia "about in line" with surrounding states. It would mean a 10.4% increase in premiums, but this was more than offset by a recent 14.1% cut in rates, he said.

Spokesmen for Virginia industry, led by Frank G. Louthan, secretary Virginia Manufacturers Assn., opposed the increase on the ground that it would add greatly to their burdens and put some employers out of business. Mr. Louthan said the recent cut in rates did not actually reduce the dollar cost. He figured the increase would cost employers \$1 million or more yearly.

Wolverine Shows Fine Results During 1949

Wolverine's assets increased during 1949 from \$4,776,101 to \$5,749,098 with capital and surplus reaching \$1,104,664, compared with \$812,992 last year. Premiums totaled \$6,232,317, as against \$5,141,753. Harold D. Moore has been named a vice-president in charge of automobile sales.

J. T. Richardson in New Post

RALEIGH, N. C.—John T. Richardson, who resigned last December as assistant secretary of National Assn. of Insurance Commissioners, has become director of the farm census for North Carolina department of agriculture. It is a full-time job. He was with Aetna Life for about 23 years before going with N.A.I.C. in 1948.

Since his successor in the association post has not yet been named, Mr. Richardson still is maintaining the secretary's office here. Headquarters will be moved to Chicago in the near future.

Ark. Subrogation Move

Home has brought a subrogation action against theater tenants of a building at Magnolia, Ark., that was destroyed by fire March 3, 1948 and for which Franklin Fire (former Home subsidiary) paid the building owners \$7,269.

The suit is against Magnolia Amusement Co. and Lee Holland. It charges that fire was brought about because of negligence in use of an acetylene torch while installing air conditioning equipment in the building. Owners of the building were Mrs. Mary Mitchell and Mrs. Charline Martin.

Ferbend Now Claims Atty.

Robert F. Ferbend has been appointed claims attorney at the Chicago branch of London & Lancashire to succeed Edward V. Dineen, who resigned to go with Trinity Universal.

Mr. Ferbend joined London & Lancashire in 1938 and except for war service has served continuously in the claims department. He studied law at DePaul University and has been admitted to the Illinois bar.

Maas Michigan President

Albert Maas, manager of Zurich at Detroit, has been elected president of Casualty & Surety Executives Assn. of Michigan. Vice-president is Baxter C. Brown, Fidelity & Deposit, and secretary, Melvin Thweatt, Hartford Accident.

Big Contracts in West

A contract for Los Angeles river improvements has been awarded to A. Teichert & Sons for \$1,069,283. Massachusetts Bonding will execute the bonds.

Gibbons & Reed Co., Salt Lake City,

was low bidder on the relocation of 11.6 miles of the Spokane, Portland & Seattle Railroad, with a bid of \$1,548,600. Glens Falls Indemnity is on the bid bond.

William A. Smith Construction Co., Kansas City and Los Angeles, and Brown & Root, Houston, Tex., were low bidders for 244 miles of rehabilitation work on the Alaska Railroad at \$6,845,068. National Surety is on the bid bond.

Wunderlich Construction Co. and Curlett Construction Co., of Los Angeles made the low bid of \$7,898,000 for the construction of the Veterans Hospital and facilities at Salt Lake City. Continental Casualty and National Surety are on the bid bond.

Big Demand for Fable on Freedom by Travelers Man

"The Fable of the Piper and the Drummer" which was published in the January issue of the Travelers' "Beacon," employees' publication, has attracted a lot of attention and it has been necessary to reprint it 9,000 times to satisfy requests. J. Doyle DeWitt, assistant to President Jesse W. Randall, presented it originally as an address.

The fable is of a piper who slips into a parade of the American economy, "Main Street," and tries to usurp leadership from "freedom" to himself, using the chant, "The State Is Our Shepherd, We Shall Not Want."

Orion Enters Canada

TORONTO—Orion of London is entering Canada, with Dale & Co. here as dominion managers for all lines except west coast ocean marine. W. B. Burns, manager of Dale & Co.'s Toronto office and a director of the firm, was designated chief agent for Canada of Orion. The company is being licensed in all provinces.

Iowa O.K.s Allstate Cuts

DES MOINES—The Iowa department has approved rate reductions made by Allstate on automobile insurance. The reduction in collision rates for private cars is 11.5%. Reductions also were made on fire, theft and comprehensive.

Install St. Louis Officers

ST. LOUIS—New officers of Insurance Board of St. Louis were installed at a dinner dance. Oden D. Prowell, Geo. D. Capen & Co., is chairman; John J. Henschke, Insurance Agency Co., president; John Wightman, Jr., vice-president; H. Roland Bieser, Standard Underwriters Agency, treasurer, and J. Boyd Hill, secretary.

Joint Meeting at Topeka

Kansas 1752 Club and Kansas Assn. of Mutual Insurance Agents are holding a joint business and educational meeting at Topeka Feb. 24. Among the speakers are L. K. Sharp, vice-president of Mill Owners Mutual, and Commissioner Sullivan of Kansas. Topics on the agenda include business interruption, personal property floaters and garage liability.

Plan Wisconsin Regionals

Spring regional meeting dates have been announced by Wisconsin Assn. of Insurance Agents. Starting May 15, at Lake Geneva, sessions will be held on successive days of that week at Madison, Appleton, Wausau and Hayward. The program will include talks by association officials and insurance authorities.

Seattle Golf Tourney Set

The annual golf tournament of Seattle Surety Assn. and Casualty Insurance Assn. of Washington has been set for May 26 at Sandpoint golf club. Earl Bourland, Massachusetts Bonding, is in charge of arrangements.

Need S Govern

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Need Salesmanship to Beat Government Plans

Improved salesmanship is the answer in defeating government sponsored health programs, Ver Lynn Sprague, head of the sales training department of Courfain & Cobb, Chicago advertising agency, told Chicago A. & H. Assn. The proponents of government plans have done such a thorough job of selling their ideas to the public that many people are inclined to feel they would be better off under a government program. In contrast, the insurance companies have done virtually nothing, Mr. Sprague stated. Unless they can devise a more effective plan to sell their services to the public, socialized medicine is inevitable.

Basic Selling Insurer's Job

Mr. Sprague feels that the insurance company's job is actually that of basic selling or creating a desire for the product. Insurance selling has suffered because of the letdown in selling since the war. Salesmanship was one of the casualties of the war. Insurance selling requires an aggressive type salesman. Insurance companies underestimate the attitude of the American people towards the government's sponsored health program, Mr. Sprague said. He feels that one approach to the problem is through war veterans. They lived under somewhat of a socialized medical arrangement, and most of them have great resentment towards government medicine. This resentment comes from the loss of individuality under such a scheme.

Aviation Session Slated

CINCINNATI—E. L. Stephenson, Chicago manager of Associated Aviation Underwriters, and Wm. Woodman, Ohio field representative, will conduct a discussion of aviation insurance at the C.P.C.U. class at University of Cincinnati next Monday evening. Wm. Caskey, A. W. Shell & Co., the instructor, has invited all interested insurance men to this session.

Meet on Accident Prevention

ST. PAUL—John J. McGlone, Minneapolis, chairman of the accident prevention committee of the Minnesota Assn. of Insurance Agents, has called a committee meeting here March 16, just preceding the mid-year meeting of the association, at which Emerson H. Westwick, Chicago, field representative of Assn. of Casualty & Surety Companies, will speak on safe driver education in the high schools.

Plan Phila. Loss Conference

PHILADELPHIA—A meeting preliminary to the formation of a Philadelphia Fire Loss Conference will be held March 14. Further details will be disclosed at the luncheon.

Butane Hazards Analyzed

"Liquefied Petroleum Gas: What It Is—How It Acts," another booklet in a series of industrial hazards bulletins, has been published by Assn. of Casualty & Surety Companies.

The more severe accidents involving liquefied petroleum gases in recent years, the booklet says, have been associated with the transportation of the gases in tank trucks or tank trailers.

New Customs Bond

Bureau of Customs has instituted a new type of bond for import transactions and a new bonding procedure that is expected to facilitate the clearance of imported merchandise through customs. This new procedure is authorized in Treasury decision 52403. The bond covers the payment of any duties that may be found owing the government after the merchandise has been entered and has left customs custody. This will replace a cumbersome arrangement of

long standing under which when duties were to be collected after the goods had been released, the government made a formal demand for return of the merchandise, or as an alternative, payment of "liquidated damages."

Bahr Asst. General Adjuster

Home has made Rudolph A. Bahr assistant general adjuster of the loss department at the home office. A graduate of Purdue, he joined the company in 1938 as an adjuster at Newark. In 1941 he transferred to the home office loss department, auto division, and in 1946 was made supervising adjuster in the fire division of the southern department at the home office.

Great American Rallies

Great American and Great American Indemnity are holding a gathering of field men at Denver Monday and Tuesday of next week for the mountain states and other states in the western department that did not attend similar gatherings at Chicago this week and at Cincinnati the previous week. At each one of these gatherings there is a half day of joint sessions with the fire and casualty men but otherwise separate meetings are held with W. E. Newcomb, western

manager of Great American, presiding over the fire group and L. C. Knapp, manager of Great American Indemnity in the west, in charge of the casualty group. Vice-president Thomas H. Bivin of Great American Indemnity attended the Cincinnati meeting and Executive Vice-president William J. Ahearn was on hand for the Chicago meeting.

Cuneen New Jersey Speaker

Casualty Underwriters Assn. of New Jersey will hold a luncheon meeting at Newark March 13. Raymond L. Cuneen, attorney, will talk on "Recent Amendments of the Workmen's Compensation Act Relative to Occupational Diseases."

Multiple Line Prospects Outlined

"Package Insurance—a Multiple Line Possibility" was discussed by Seldon E. Brown, director of insurance and workmen's compensation for Associated Industries of Missouri, in a talk this week before the Kansas City Insured Members Conference.

Tri-State Slate Selected

The nominating committee of Tri-State Mutual Agents Assn. of Pennsylvania, Maryland and Delaware has sub-

mitted its slate for the annual meeting March 24-25 at Harrisburg.

Recommended for president is H. Clay Johnston, and the vice-presidential nominees are: L. J. Bloche, Pennsylvania, Harry Uhler, Maryland, and Leon Ashton, Delaware.

Seattle Names Assn. Its Broker

Seattle city council has designated King County Insurance Assn. as broker to negotiate automobile B.I. and P.D. covering its employees.

The city heretofore carried no insurance, but the council has indicated that it would purchase coverage to protect its employees under the new financial responsibility law.

Ore. Local Boards Active

Pat Courtney has been elected president of The Dalles, Ore., Assn. of Insurance Agents. D. S. Elwood is vice-president and George Wernmark is secretary.

Commissioner Taylor and some of the state officers attended the first regular meeting, which was a dinner gathering of the newly formed Grants Pass, Ore., association.

Beneficial Fire & Casualty of Los Angeles has been licensed in Idaho.

47th Annual Statement
REPUBLIC INSURANCE CO.
December 31, 1949

| ASSETS | |
|--|------------------------|
| Cash in Banks and Offices | \$ 1,663,145.27 |
| U. S. Government Bonds* | 3,712,130.83 |
| Municipal Utility Bonds† | 61,849.70 |
| Industrial Bonds* | 976,666.86 |
| Mortgage Loans | 502,266.00 |
| Collateral Loans | 186,690.62 |
| Savings and Loan Investments | 126,465.00 |
| Public Utility Preferred Stocks† | 1,134,038.90 |
| Industrial Preferred Stocks† | 651,041.00 |
| Bank Stocks† | 20,600.00 |
| Insurance Stocks† | 3,198,970.00 |
| Republic Indemnity Co. Stock (A wholly owned subsidiary) | 432,335.00 |
| Railroad Common Stocks† | 400,000.00 |
| Public Utility Common Stocks† | 25,700.00 |
| Industrial Common Stocks† | 345,108.25 |
| Agents Balances (Not over 90 days) | 1,296,210.00 |
| Premium Notes | 815,649.13 |
| Home Office Building | 414,238.39 |
| Eastern Department Building | 161,158.29 |
| Pacific Coast Department Building | 97,278.92 |
| Due from Reinsurers | 98,625.92 |
| Other Assets | 170,852.78 |
| | 42,976.98 |
| Total Assets | \$16,536,997.84 |

| LIABILITIES | |
|---------------------------|------------------------|
| Unearned Premium Reserve | \$ 9,743,759.38 |
| Reserve for Unpaid Losses | 437,948.00 |
| Reserve for Taxes | 400,175.25 |
| Other Liabilities | 52,107.66 |
| Contingency Reserve | 891,503.34 |
| Capital | 82,000,000.00 |
| Surplus | 3,011,504.21 |
| | 5,011,504.21 |
| Total Liabilities | \$16,536,997.84 |

*Amortized.
†Value as established by Insurance Commissioners Committee on Valuation of Securities.
U. S. Government Bonds of the par value of \$375,000.00 are on deposit with the Insurance Departments of the various states in accordance with legal requirements.

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Wis. Decision Affirmed on Appeal

Water Hammer Qualifies as Explosion

The much discussed decision of the federal district court that so-called water-hammer constituted explosion within the meaning of the fire policy has now been affirmed by the U. S. seventh circuit court of appeals, the case being *L. L. Olds Seed Co. vs. Commercial Union*.

The assured claimed that its stock of seeds and merchandise in the basement of its premises at Madison, Wis., was damaged by water which had escaped through a ruptured lead waterpipe located under the basement floor. Proof was offered that the break or tear in the waterpipe had been caused by a hydraulic phenomenon known as water-hammer, which the assured claimed constituted an explosion in the meaning of the policy. Judgment was given against the insurer for \$25,249.

Commercial Union's argument that cold water does not explode is beside the point, according to the court. It was the container, the pipe, that gave way with violence and, the court said, it should be kept in mind that the policy did not give protection against big explosions only; the protection afforded was against all explosions except those specifically excluded. Commercial Union argued that the break in the pipe was small, but considering that it was only a 2-inch pipe, the court declared, the jagged-edged tear opening was relatively of considerable size.

Jury Finding Permissible

Under the evidence the question of whether an explosion occurred was a jury question. Considering the physical exhibits, such as the ruptured section of the pipe as well as the oral testimony, it was permissible for the jury to find that an explosion had occurred.

On Monday morning, Nov. 25, 1946, the janitor found water four or five feet deep in the basement of the place. The water was pumped out, the floor dug up and a jagged-edged break in the waterpipe was discovered about 17 feet from the outside wall of the basement and about three feet from the point where the pipe came up through the floor to the meter. The soil had washed away

below the point of rupture. A test was made on an adjacent section of pipe indicating an ability to withstand pressures up to 272 pounds per square inch.

Says Water Hammer Proved

The court said that it must be accepted as a proved fact that the failure of the waterpipe was caused by water-hammer. When water is passing through a pipe under pressure and is brought to an abrupt stop by the closing of a valve, periodic surges of kinetic energy are propagated in the water. These surges of energy cause abnormal fluctuations in pressure and often produce violent concussions on the pipe, called waterhammer. The pressure wave travels through the pipe at a speed of 4,000 feet a second and may travel several city blocks from the place where the waterhammer originated.

Although admitting that the rupture of the pipe may have been caused by waterhammer, Commercial Union insisted that "rupture" and "explosion" are not synonymous terms. The insurer insisted that an explosion has three definite characteristics: First, a release of energy; second, noise; and third, a going away of material from the center of the explosion, and the insurer asserts that such characteristics were not present when this pipe ruptured.

New License Rules in Minn.

Commissioner Harris of Minnesota has sent a notice to agency companies stating that effective March 1, agents who have failed to pass examinations will not be permitted to retake an examination for 30 days.

The notice also points out that many companies permit applicants to take examinations without proper preparation. He adds that new agents who have not previously been licensed or qualified will not be permitted to take the examination until they have filed an application provided by the department, fully completed and notarized and endorsed by the company recommending the applicant.

Significant Agency Cost Data Revealed

(CONTINUED FROM PAGE 6)

and renewals and surveys such risks as farm property, other unprotected locations and risks applying for substantial limits. He maintains and applies rate manuals, rules promulgated by insurance organizations and supervisory authority as well as the changes in forms affecting policies or endorsements. At his discretion or under specific instruction, questions are taken up with the agency manager or owner.

The agency has approximately 100 installment account cards which must be prepared and followed during the collection period.

Results are summarized as follows:

STATEMENT OF OPERATIONS

Year Ended Dec. 31, 1945

| | | | |
|---|--------------|------------|--------------------|
| Income— | | | |
| Commissions on direct business..... | \$38,261.91 | | |
| Compensation for claim service..... | 8,502.78 | | |
| Countersigning commission..... | 1,861.95 | | |
| Contingent commission..... | 85.48 | | |
| Gross Income..... | | | \$48,712.12 |
| Expense— | | | |
| Management salaries..... | \$10,000.00 | | |
| Employee salaries..... | 15,667.90 | | |
| Employees' hospital service..... | 119.37 | | |
| Payroll taxes..... | 306.78 | | |
| Office supplies..... | 969.34 | | |
| Postage..... | 563.53 | | |
| Telephone and telegraph..... | 765.31 | | |
| Rent and insurance..... | 1,702.93 | | |
| Janitor..... | 159.68 | | |
| Light, heat and water..... | 224.26 | | |
| Travel..... | 815.71 | | |
| Advertising and printing..... | 1,120.21 | | |
| Charities and donations..... | 315.60 | | |
| Publications and dues..... | 232.41 | | |
| Commissions to sub-agents..... | 3,732.90 | | |
| Other commissions paid..... | 310.92 | | |
| Total Expense..... | | | 37,615.89 |
| Operating Income..... | | | \$11,096.23 |
| Other Income— | | | |
| Interest and discounts received..... | \$ 389.29 | | |
| Bad debt recoveries..... | 349.23 | | 738.52 |
| Deductions from Income— | | | |
| Bad debts..... | \$ 410.74 | | |
| Legal fees on collections..... | 48.65 | | 459.39 |
| Net income to management (includes sales, claim and administrative services)..... | | | \$11,375.36 |
| Regular Lines— | | % of Total | Number of Policies |
| Automobile..... | \$ 68,531.02 | 41.4 | 1,212 |
| Workmen's compensation..... | 30,444.71 | 18.9 | 97 |
| Fire and allied lines..... | 21,381.54 | 13.3 | 519 |
| Other liability..... | 24,321.77 | 15.1 | 233 |
| Miscellaneous lines..... | 12,565.71 | 7.8 | 135 |
| Fidelity and surety..... | 5,597.97 | 3.5 | 168 |
| Total regular lines..... | \$160,842.72 | 100.0 | 2,369 |
| Other Lines— | | | |
| Brokerage premiums..... | \$ 60,917.50 | | |
| Hospitalization..... | 7,436.89 | | |
| Total other lines..... | 68,354.39 | | |
| Total premiums..... | \$229,197.11 | | |

1945 PRODUCTION OF SUBAGENTS

| Line | Premiums | Commission | % of Premiums |
|-----------------------------|-------------|------------|---------------|
| Automobile..... | \$12,936.40 | \$2,854.06 | 22.04 |
| Workmen's compensation..... | 3,591.67 | 361.65 | 10.07 |
| Other liability..... | 1,160.26 | 198.32 | 17.09 |
| Fire..... | 949.80 | 123.50 | 13.00 |
| Fidelity and surety..... | 105.27 | 18.58 | 17.65 |
| Hospitalization..... | 2,110.00 | 105.50 | 5.00 |
| Miscellaneous..... | 570.17 | 71.29 | 12.50 |
| Totals..... | \$21,423.57 | \$3,732.90 | |

TIME ALLOCATING OF STAFF

| | Sales % | Claims % | Policy Writing % | Collection and Bookkeeping % | Underwriting % |
|-------------------|---------|----------|------------------|------------------------------|----------------|
| Owner..... | 65.0 | 20.0 | | 5.0 | 10.0 |
| Manager..... | 20.5 | 67.0 | | 5.0 | 7.5 |
| Underwriter..... | | | | | 100.0 |
| Policywriter..... | | | 50.0 | 30.0 | 20.0 |
| Receptionist..... | 22.3 | 39.6 | | 23.1 | 15.0 |
| Bookkeeper..... | | | | 100.0 | |

DOLLAR VALUE OF THE SERVICES

| | Amount | Ratio % |
|---------------------------------|-------------|---------|
| Selling..... | \$ 8,404.44 | 32.7 |
| Claims..... | 7,097.16 | 27.7 |
| Policywriting..... | 935.00 | 3.6 |
| Collection and bookkeeping..... | 4,033.11 | 15.7 |
| Underwriting..... | 5,198.19 | 20.3 |
| Total..... | \$25,667.90 | 100.0 |

Report Long Island R.R. Had No Liability Cover

Raymond C. Miller, vice-president of Holly & Co., New York City brokerage firm, was killed in the Long Island Railroad wreck in which 28 other persons were killed and more than 100 injured. The Long Island is in receivership and some time ago was turned loose by the Pennsylvania Railroad which had operated it for years. So far as can be learned the Long Island carried no liability insurance even of the high deductible variety which is characteristic of the coverage of many railroads. Plaintiffs would have to get permission of federal court which is in charge of the line's bankruptcy to sue.

Mr. Morrill points out in his report that costs in a single agency are not entirely representative, and that indications of the report are the result of the particular evaluation made by the cost accountants employed. Different accountants might make different determinations, employ different methods, or develop different work unit weights and hereby reach entirely different conclusions. Other similar studies are needed. The present study provides a method of relating all agency work to time and therefore to dollars. It makes quite clear the substantial burden imposed on the agency by work, such as endorsements, that must be done after the policy is written or renewed. It gives full weight to every agency expense—underwriting, collection, bookkeeping, claims work, policywriting, and selling.

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NEWS OF THE COMPANIES

\$21 Million Net Operations Gain for No. Am. Group

New high records in underwriting profit and investment income, and in surplus and assets were set last year with North America.

Underwriting income of the group aggregated \$17,511,000 and investment profit \$2,193,000, with a net gain from operations of \$21,703,000 after provision for federal taxes.

Premium income totaled \$163,983,000, and earned premium came to \$151,556,000 as against \$142,279,000 for 1948. Underwriting expenses and claims incurred of \$134,044,000 showed a decrease of \$1,587,000.

The underwriting and investment profit, together with appreciation in market values of securities contributed to an asset total of \$386,994,000. This was an increase of \$53,440,000.

The parent company increased its capital at the end of the year to \$18 million by the declaration of a 20% stock dividend. Also the stated surplus was increased to \$102 million from \$85 million in 1948. The reserve for general contingencies stood at \$43,044,000, as contrasted with \$28,835,000 at Dec. 31, 1948.

The increases in capital, surplus and voluntary reserves produced a policyholders surplus of \$163,044,000, at an increase of \$34,208,000.

Banner Year on All Counts for Kansas City F. & M.

The 1949 operations of Kansas City Fire & Marine resulted in record increases in net profits, premiums written and assets, according to President Morton T. Jones.



Morton T. Jones

Net earnings amounted to \$202,632, equal to \$2.02 per share after allowing for federal income taxes of \$71,122. This compared with \$156,175, or \$1.56 a share a year ago. The premium reserve increased \$818,300 to \$1,781,105.

Premiums written amounted to \$6,539,873, as compared to \$5,118,904, an increase of 27.76%. Assets reached a new peak of \$5,440,695, an increase of 31% and the surplus to policyholders increased \$233,197 to a total of \$2,361,185.

Losses incurred amounted to 48.33% of the premiums earned, as compared to 48.91% a year ago.

The investment portfolio showed marked increases in short-term government securities, and in the municipal bond portion.

Northeastern Gets on Right Road Again

Northeastern of Hartford, which is now part of the Equity Corp. insurance group, now has assets of \$10,770,197. This is the first time the assets have exceeded \$10 million, since 1931. The low point was \$5,239,977 at the end of 1939. Premium reserve is \$5,865,735, capital \$1 million and net surplus \$1,516,420.

President W. J. Langer stated that 1949 was an exceptionally good year of underwriting results under the heading of both fire and marine. It was possible, because of the underwriting success, to expand operations in the fire field and to acquire additional business. Northeastern has commenced to take advantage of

the multiple line laws, having put on casualty premiums of about \$650,000 in 1949 under a contract which has a profitable background.

Net premiums written were \$5,717,734, there was a trading "excess" of \$1,452,639, underwriting gain was \$145,723. The gain in surplus was \$190,765.

Phoenix Stock Split Ratified

HARTFORD — Stockholders of Phoenix of Hartford approved the directors' recommendation to increase capital from \$6 million to \$7½ million by stock dividend. The dividend will be payable April 10 to stock of record March 30.

Reports for the year were most favorable. There was a gain of \$9,196,900 from 1949 operations, before federal taxes, compared with \$3,725,363 the year before. Underwriting gain was \$5,708,626 and investment income earned was \$3,472,378. Comparable figures for 1948 were \$735,553 and \$2,995,818 respectively.

Net premiums written by the group amounted to \$52,318,602, up 5.9% from 1948. The assets climbed to \$128,195,441, up for the year by \$15,972,858.

F. & G. Reports on Its Healthy Results for '49

Fidelity & Guaranty had net premiums written last year of \$20,047,176, an increase of 21.7%. Premiums earned were \$17,272,996, an increase of 24%. Losses incurred, including loss adjustment expenses, were \$7,413,437. Loss ratio to earned premiums was 42.9, or nearly 4 points less than 1948. Expenses were \$8,054,237, slightly more than 40% of premiums written. The underwriting profit was \$1,805,322.

Although the company had two successive years of underwriting profit, there had been three prior years in each of which there was an underwriting loss, and the net gain from underwriting for the five year period was but 1.27% of premiums earned.

Surplus to policyholders was \$10,347,669 or \$1,955,018 increase over 1948.

New Neb. Fire Company

National Fire & Marine of Omaha has now been licensed in Nebraska. This will be a running mate of National Indemnity and is owned 60% by that company. Underwriting will be under the supervision of Ringwalt & Liesche, Inc. The president is Jack D. Ringwalt; vice-president Phillip Liesche; secretary Arlene Welsch.

Steam Boiler Shows Profit

Hartford Steam Boiler's underwriting experience last year produced a profit for the second time since 1940. Surplus climbed to \$7,060,423 from \$5,551,026. Earned premiums set a record at \$11,318,593.

Sherman R. Knapp, executive vice-president of Connecticut Light and Power Co., has been elected a director.

Ratify Am. Fore Plan

Stockholders have now given their approval to the stock dividend proposals for Continental and Fidelity-Phoenix and the directors have made the suitable declaration. For both companies the stock dividend will be paid about March 20 to stock of record Feb. 28. For Continental this is a 25% and for Fidelity-Phoenix, a 33⅓% stock dividend.

Begin Work on New H. O.

Architectural designs have been completed for the new office building of Phoenix-Connecticut. Excavations for

the foundation are now under way and it is hoped the building will be completed in mid-1951.

Principal entrance of the building will be on Woodland street, where it will have a frontage of about 300 feet. Ground floor area is to be 52,300 square feet. Its estimated cost is \$3,500,000.

New Mayflower Directors

New directors of Mayflower of Columbus, of which Senator John W. Bricker is president, are Clyde B. Aldridge, Cleveland; Dudley M. Call, Columbus, and Thomas J. Price, Zanesville, all agents of the company. Premiums written last year increased from \$1,284,000 to \$1,950,000. The company operates in Ohio, Indiana, West Virginia and Michigan.

Jack Piver Sells Paper

SAN FRANCISCO — "Pacific Insurance Magazine," a San Francisco monthly insurance journal, established in 1937 by Jack Piver, has been purchased by Clarence B. Council, a San Francisco newspaper man and former manager of the "Daily Commercial News." Mr. Council's son Howard, a Stanford graduate, will be associated

with him. Jack Piver, son of the late Commodore Piver, publisher of "Underwriters Report," a San Francisco weekly insurance journal, has had 28 years experience in the trade publishing field. He left "Underwriters Report" in 1937 to establish his own business. He will continue the Piver Publications and will promote the sale of a fire extinguisher.

List More Mountain Speakers

L. Allen Beck of Denver has received an acceptance from William B. Glassick of Hollywood, state national director for California and chairman of the N.A.I.A. management committee, as speaker at the Friday luncheon during the Rocky Mountain Territorial Conference at Colorado Springs, March 24-25.

Mr. Beck has also received acceptances from Commissioners Kavanaugh of Colorado and Apodaca of New Mexico as speakers on the afternoon program.

Binder Heads Winnebago Assn.

The Winnebago County (Wis.) Assn. of Insurance Agents has elected Edward Binder, president; Robert Hanke, vice-president, and Charles Konrad, secretary, all of Oshkosh.

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PHENIX INDEMNITY COMPANY

Installment Plan Debated in Bay State

(CONTINUED FROM PAGE 1)

installment is not an insurance contract. The commissioner gets his authority to regulate installment payments from general powers conferred by the law. Mr. Harrington indicated he thought the public interest required regulation of installment payments, in view of the charges that are being made against it.

Mr. Kelly agreed to general supervision but not as an exact plan with a particular rate of interest or specific installment amounts. If it costs something for installments, then the company should charge for them, otherwise it is being discriminatory. Mr. Kelly said he would not object to a statute covering certain minimum standards but he would object to great specification of detail in such a statute and he didn't see need for an amendment to the law as Mr. Harrington suggested might be needed. If the department regulates installments as it does rates, it will force the few remaining companies that are offering installment plans direct to the public to go through finance companies. Mr. Harrington said that there was a banking department to regulate small loans and interest charges, but Mr. Kelly replied that insurance is specifically exempted from that law.

D. C. BOWERSOCK

It is regrettable that the plans have been filed, Mr. Bowersock said. On many types of insurance, insured may give notes subject to going rates of interest. Missouri still has in its statute a rate of 6% which must be charged when credit on insurance is extended. There is no large city or large town in the U. S. not being serviced with present financing facilities. If companies are to get into the banking business there should be some step taken to protect the companies. He suggested that the motive of the installment plans was to provide something not otherwise readily available in the market.

No provisions exist in law giving the commissioner authority over such plans. The filing of a deviation is in Massachusetts a normal procedure for seeking approval of an installment plan, but if companies succeed in those filings, the deviation supplants the rule which they object to and the deviation becomes the rule.

If there is any merit in the term rule it is because of saving and expense but

there is no statistical justification for the amount of discount. The installment is a deviation from something, and this must be the term rule. Mr. Bowersock said he thought the only credit that can be given in connection with the term rule is the saving in expense. He described the increase in company work produced by adoption of installment plans, using as illustration his own company, which is employing installment plans in some states.

Practice that Costs Company

To guarantee to insured that the rate will not go up for five years, and so at 78% of the annual premium, seems absurd, he added. Under one of the plans, if there is a total loss in the first year, the company has no chance to get the remaining premium. If the company had received it in full in advance, it would have kept it.

He cited statistics of one large fleet, prior to the war, over a period of years, which show that 76.6% of claims are under \$50 and 83.7% are under \$100. Yet these equalled 9.3% of the amount of payments. Consequently, if the companies reinstate after loss up to \$250, they are not talking about a lot of money but are eliminating a great deal of detail. However, under one installment plan, policies are reinstated fully after loss, which would involve considerable sums.

The entire premium plus interest charge is being reported to the National Board as premium, he said, because the cost of segregating interest from premium is too great. When the business has to mix banking and insurance factors, it is obvious that the system is wrong. Even premium taxes are paid on the basis of premiums plus interest charges.

Effect on Boston's Reserves

To show the effect of installment on reserves of a small company, he quoted figures from his own accountant. These show what happens if all three year business reported in 1948 went to five year business, "which logically it will do under installment." The result projected was a decline in surplus of \$1,146,000 on a fairly modest amount of premiums.

The entire problem is confused by accident or design by transferring the factors strictly banking in nature to the premium account where it has no such standing. He said he hoped Harrington would find it contrary to the public interest.

Mr. Harrington wondered what distortion is occurring in unearned premium reserves by reporting interest charges as premium. Mr. Bowersock said it probably doesn't amount to much now but will if use of installment plans spreads.

AGENTS ARE HEARD

Installment plans essentially are banking, Mr. Barnes stated. Agents have at times taken notes for premiums, but the vast majority of agents in Massachusetts believe that if installment payments are established as an insurance procedure, they should be treated as a banking process. The business should stay in insurance channels.

Also, he said, the business is becoming all tangled up in red tape. Installment plans muddy up the waters, they raise serious questions of cancellation, ownership of expirations, sale of insurance agencies, collections. He excepted casualty plans which do not raise these questions, but are contained in the rating manuals.

Agents are very satisfied with the existing financing plans and these are in wide use through banks and finance companies. He finds it hard to see any necessity for a conflicting course. Term and present methods of financing premiums are separable, but term and installment are not separable, if the latter is held to be an insurance transaction incorporated in the contract, manuals and rules.

Plenty of Facilities Available

Adequate banking and financing facilities already exist to take care of the need for the financing of term premiums, Mr. Doremus stated. He mentioned the Pennsylvania Co. for Banking & Trusts plan which is being used by 168 insurers nationally for this purpose. There are other banks in the southeast, middle west and west coast. He said term and installments are one and the same thing.

What about automatic reinstatement of coverage, Mr. Harrington asked. Mr. Doremus said that should not be a part of the installment plan, as it is. Reinstatement of losses previously called for an added premium. Later companies recommended an automatic reinstatement of \$100 and then \$250, and currently are recommending that it be made \$500.

Mr. Phillips said the term rule and installment are separable. What is charged for the installment has nothing to do with the term rule. There would be no need for the installment if it were not for the term rule. Shouldn't the installment charges be tested by the rating law, Mr. Harrington said. Mr. Phillips said the amount charged for the installment service is not necessarily a part of rate regulation. That is a question North America will deal with at its deviation hearing. The North America brief, Mr. Harrington said, asks how its plan can be discriminatory under Massachusetts law when it is available to everyone. He asked if it is available on all classes. Mr. Phillips said it was available to all who can buy term, and that rule is made by the rating association and not by North America.

Can't Approve Legally: Bennett

Mr. Bennett said that Mr. Harrington had indicated a need to regulate and supervise the installment payment of premiums, but, Mr. Bennett wanted to know, who is in favor of it except a few companies and agents, those having from it a competitive advantage? His theory is that the Massachusetts legislature definitely indicated the commissioner can't approve installment plans on fire since it specifically provides what the commissioner can do on automobile premiums.

Where the language of the statute is clear and unambiguous there is no room for construction, a federal court has interpreted the Massachusetts statute. In another case, the court ruled that none can read into a law what isn't there. If the legislature had wanted

to extend the installment authority to fire, it would have said so. The insurance business isn't built on the practice of a dollar down and a dollar a month. Companies are entitled to charge less for a long term of insurance because it is advantageous to do so—why shouldn't they have the advantage? Mr. Harrington should be concerned with the problem of unfair discrimination. He pointed to full reinstatement of insurance after loss under the installment plan. The whole theory of the anti-trust laws is price discrimination between buyers.

PUBLIC INTEREST

The public interest phase of the problem was hammered by Mr. Butler. He wondered if the installment plans fill a public need. They are practically restricted to the term fire rule. There are already facilities for meeting financing requirements in this connection, and these institutions charge enough to pay the expense of handling and take care of profit on their operations. There is always some paper, an instrument aside from the policy, an evidence of debt, that agents can take to banks and discount.

Is the public interest being served if the business with the acquiescence of commissioners uses a plan that ignores profit, expense, evidence of debt, proper reserves on the transaction, etc.? If so, a vista of disservice is opened up. How is the income from the financing to be treated and reported? Is it included in premiums? Certainly any competitive advantage will disappear if it becomes the vogue. Are the premiums reported to the National Board for classification purposes to be mixed and confused with financing dollars? If such plans are to be approved, there is no control of them, no standardization of reporting, there are different interest rates, some of them ignore the profit factor in the interest charge, and so on.

Unreasonable Competitive Method

What happens to the companies that cannot afford to meet this competition? Loss leader pricing has been held an unreasonable competitive method by the federal courts, he warned.

He pointed out that the companies were adamant in asking the commissioners for a profit factor in the rate. Are companies to take premiums in installments without charging a profit for the service? He does not think installment payments are in the public interest.

The installment plan always has been used with the fire term rule where companies got the money and froze the business. Now they don't get the money. He doesn't see how installment can be placed on top of term when term discounts have not been substantiated. If the department approves installment plans then it repudiates one of the things that substantiates the term rule, getting the money in advance.

Fears for Middle Size Insurers

Mr. Wilde said that as an officer of medium size companies he agreed with Mr. Butler as to fears in the minds of such companies on the effect of such a plan. When the plan was projected, it was said that it would affect only a small portion of the business, yet Corroon & Reynolds has received many letters from agents saying that because of the advantages of the plan they are putting all of their business in it.

There is unfair discrimination between the cash and installment buyer. Mr. Garland said, and he suggested that directors are liable if the company goes broke. The privilege of the installment purchaser to continue at the end of the first year is not given the annual payer.

If a company uses installment payment for any classes, shouldn't it apply to all so that the company cannot deviate from a deviation? Small companies lose annual business as well as term business if they cannot afford to extend credit on the installment plan. This tends to monopoly, Mr. Garland

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said. The 90 day rule is designed to protect the agents as well as the companies, and Mr. Harrington said he could not see how the application of the 90 day rule could be avoided. Mr. Garland said it couldn't be avoided in Massachusetts, though in New York it is a matter of discretion under the law.

Mr. Downs pointed out that the specific authorization of installment payment of auto premiums in the statute was sought by the general counsel of Liberty Mutual; he was the petitioner and told the legislative committee that without the legislation, his company could not take installment premiums. In N.E.F.I.R.A. territory, which is all New England except New Hampshire, he said, there have only been 400 installment policies processed so far.

Make Progress on R. I. Issue

(CONTINUED FROM PAGE 1)

forwarding a copy of the complete report to the Indiana department as well as to the commissioners of the 33 states in which the company is licensed to do business.

"While the completion of the convention examination report for the year 1948 is most gratifying to the insurance department of the state of Rhode Island we are even more pleased to announce that the annual statement of the company for the year ending Dec. 31, 1949 has now been filed and shows an increase in the policyholders surplus to \$2,002,995."

Then there is a statement by Attorney General Powers, reading:

"Determination of the solvency of the Rhode Island Ins. Co. and a meeting of minds on the details of the convention examination report which was signed today is a source of great satisfaction to the people of Rhode Island and, of course, to the state officials involved."

"Throughout the discussions of the many complex legal problems we have, of course, been primarily concerned with preserving the interests of several hundred thousand policyholders whose contracts protect property in every state in the union."

"Completion of the report was made possible through the fine spirit of co-operation of the commissioners, examiners and insurance officials from other states who participated."

"I am very pleased that this matter has been finally resolved."

LOSES CAL. ISSUE

The California supreme court by vote of eight to one has dismissed the appeal of Rhode Island Ins. Co. from Commissioner Downey's action in causing the company to be placed in conservatorship in California. On two previous occasions the district court of appeal at San Francisco upheld Mr. Downey's action in seizing Rhode Island's assets on allegations of mismanagement and insolvency within the meaning of the California code. Rhode Island now apparently has the choice of submitting proof to the San Francisco superior court that it was solvent at the time this court appointed Mr. Downey as conservator, or it might undertake to prove that regardless of what the situation may have been previously, the company is now solvent or it might undertake to invoke some federal issue and carry the case to the U. S. Supreme Court.

DOWNEY DEMANDS SOUNDNESS

Commissioner Downey of California when apprised of the press release on the Rhode Island examination report said, "when that company has sufficient money and sufficiently sound securities and sound reinsurance to be solvent and has sound and honest management the company will be considered in California as rehabilitated and not before all these events transpire."

CHICAGO

JAYCEES TREAT HOOVER PLAN

Kenneth G. Cronin of the Moore, Case, Lyman & Hubbard agency, heads a group of young Chicagoans who are barnstorming the local club circuit speaking on the reorganization plan for the executive branch of the government which grew out of the investigations of the Hoover Commission. This is the project of the year for Chicago junior chamber of commerce.

Other insurance men among the speakers are Harry T. Helton, assistant manager of American Surety, Edward W. Lawson, Moore, Case; and J. J. O'Brien, Rollins-Burdick-Hunter.

Glenn Miller of National Life of Vermont is in charge of the whole project. More than 30 speeches have been made by the young men. They desire to describe the Hoover plan before any associations or companies, insurance or otherwise, which will give them a hearing.

Mr. Cronin recently addressed the Chicago Insurance Distaff Executives Assn.

BUYERS TO NAME NEW OFFICERS

Three new directors of Mid-West Insurance Buyers Assn. were elected at the annual meeting last week at Chicago. They are: Charles H. Retzke, Crane Co.; E. W. Rolley, Funk Bros. Seed Co.; and C. S. Ziolkowski, Montgomery Ward.

The new board members will meet with the full board this week to elect new officers.

POLICY UNION MOVES

Policyholders Union has moved to new and improved offices on the 10th floor of First National Bank building, Chicago.

SMITH LEAVES STATE POST

Arthur G. Smith, who has been a deputy in the Chicago office of the Illinois insurance department for the past nine years, has departed from that office. He served eight years under the Republican administration and developed into one of the best posted men in the department. He is a brother of Ray Smith of Chicago, vice-president of the A. M. Best Co., and he was formerly with that organization at Chicago.

NEW YORK

"WHO'S WHO" NOW OUT

The annual edition of the separate volume of "Who's Who in Insurance," published by the "Weekly Underwriter," is now ready for distribution. This consists of biographies of prominent men in all branches of insurance, together with the death roll of the preceding year. The volume has 461 pages, comprising more than 4,000 biographies.

The price is \$5 or this plus "The Insurance Almanac," which will be published before July 1, can be gotten for \$8.

NEW FILM PREVIEWED

National Board Tuesday previewed its new film, "Stop Fires—Save Jobs," which is for use by industrial concerns in employe safety programs, for members of the press and others and then was host for cocktails at the Drug & Chemical Club. At the film showing George Traver, manager of public relations of National Board; Curtis Pierce of Factory Insurance Assn. and Frank Speidell of Audio Productions, makers of the film, spoke briefly.

Wichita's Growth Reviewed

S. B. Maple, Wichita building inspector, addressed Wichita Assn. of Insurance Agents, telling of the growth of Wichita since the war. He said only St. Louis and Pittsburgh exceeded Wichita in building permits last year.

Coast Public Relations Rally Slated for April 7

The annual conference of the public relations committee of the Pacific Board and the field clubs of the Pacific Coast and mountain states will be held at San Francisco April 17, coincidentally with the Far West Agents' Conference of N.A.I.A.

Scheduled for the program are reports from the field clubs on their public relations activities during the year, a review of the present public relations program of the Pacific Board including the Pacific plan and the speaker's bureau, and consideration of new projects. Hugh S. Coburn, chairman of the Board's public relations committee, will preside.

Marks 50th Insurance Birthday

W. M. Speth, senior underwriter for Ohio in the western department of America Fore, on Feb. 22 marked his 50th year in the insurance business. He was given a luncheon by his office associates, and was presented a handsome card table and chairs by the America Fore Ohio field men.

Mr. Speth started in the business with Pennsylvania Fire and then went with L. & L. & G. He went with America Fore in 1920.

N. C. Attorney General Modifies Installment Ruling

RALEIGH, N. C.—Attorney General McMullan has modified a recent opinion on the premium installment plan now in effect on fire policies in North Carolina and now leaves it to Commissioner Cheek to determine whether the plan is discriminatory or violative of the state's insurance laws.

In his first opinion, the attorney general said he found the plan to be discriminatory and in violation of the insurance statutes. He now has informed Mr. Cheek that in making this statement he was expressing his own conclusion as to this matter, "but, after all, this is a mixed question of law and fact which in the final analysis can be decided only by you."

A public hearing on a proposal to withdraw the plan has been scheduled for March 1. Commissioner Cheek said it has attracted more interest than any public hearing called since adoption of the new law requiring such hearings.

Federal Life & Casualty has been admitted to Wisconsin and is now licensed to operate in 35 states and Washington, D. C.

Are you offering complete insurance service? As a general and casualty insurance man, you insure against fire, theft, etc., but do you insure the most valuable asset of all—Human Life? Why not offer complete service and at the same time add extra dollars to your income? Write to C. W. Arnold, Vice President, Box 139, Kansas City, Missouri.



KANSAS CITY LIFE INSURANCE
KANSAS CITY *Company* MISSOURI

Issues Study of Term Discounts on Fire

(CONTINUED FROM PAGE 2)

annual business, it is often asserted. This could be readily checked by a study of experience data. The fact that a loss on a fire policy reduces it in like amount favors annual policies. Since reduction of coverage involves a corresponding loss of unearned premium, there is here a greater loss to policyholder on term than on an annual policy.

EFFECT ON SURPLUS

The effect of term policies on surplus of course is substantial. Mr. Morrill illustrates this in dramatic fashion by taking a \$100,000 block of five year term business and carrying through the calculations to show how surplus is reduced by \$26,000 at the end of the first year, \$46,000 at the end of two years, \$58,500 at the end of the third year and \$64,000, the peak figure at the end of the fourth year. He concludes that although the annual operating statements will show underwriting profits beginning with the fifth year, the company will simply be getting its own money back until the 18th year. This is on the basis of a uniform loss and expense ratio.

The fire business has not actually earned 5% underwriting profit on the average but more accurately about half that much, he states. The company does not recover all of its own money until the 33rd year, when it is finally \$1,250 ahead after writing \$3,300,000 in premiums and disbursing \$1,601,250 in losses and \$1,447,500 in expenses. On a three year policy the profit side of operation is reached in the seventh year. Significantly, the time required to recoup surplus outlays on added blocks of business is greatly extended as the term increases.

Takes 33 Years to Recoup

On a 30% acquisition cost, if the term is annual and the rate of profit is 5%, surplus outlays are recouped finally in the 4th year; if the rate of profit is 2½%, the 7th. On a three-year policy, 5% profit, the company would recoup in the 11th year; on a 2½% profit, 20th. For five-year term, it would be the 18th year on 5% and the 33rd year on 2½%.

On annual policies, the initial financing has been entirely regained from the underwriting earnings, at 5%, in four years, and that block of business is now self-supporting, ready to yield normal returns, and the initial funds are available for reinvestment in additional blocks of business. The same process on five-year business takes 18 years to

complete. On a 2½% profit rate, which is close to the actual experience for 30 years, it is apparent that in 1949 the industry is at long last getting back the last dollars invested in five-year term business in 1916 and that every dollar of increased five-year term written in the intervening 30 years has required an additional outlay from surplus.

These figures do not consider income, gains or losses from investments, "which are an important source of earnings in the fire business." Accuracy would require calculation of the advantage gained through investment of reserves, which unquestionably offset to some extent the relative disadvantage to the company of financing term business.

Term Rate Is Different

The present discount on terms of all lengths is 25% of the annual rate for all years after the first. A reduction of this size exceeds by several times the margin in the annual rate for profit, catastrophes, or contingencies, whether this margin is 8% of the 1921 formula, 6% of the 1949 formula, or the 3½% used in recent New York state rate revisions. The discounted rate necessarily produces substantially less money per year for losses and expenses on term than on annual business. Unless the discount is justified by offsetting savings in losses, expenses, or other factors, either the term rate is too low, the annual rate is too high, or both.

In fire insurance neither annual nor term rate has been used as the standard from which other rates are derived. Discounted premiums are not adjusted to standard basis in the calculations. Data on deviated premiums is customarily segregated and adjusted to the standard. Nevertheless, though fire ratemakers and regulators have adjusted to reflect the effect produced by percentage deviations from standard rates, they have not made adjustments for percentage discounts from standard rates. Thus premium data used in rate calculating has been a mixture of standard and discounted rates.

Mixing Annual and Term Data

However, Arthur L. Bailey, chief casualty actuary of the New York department, makes an analysis in the report which demonstrates mathematically that, subject to an important qualification, determination of rates in the aggregate is not handicapped by the present practice of mixing data on standard and discounted rates. The qualification is that the distribution of premiums by terms must be approximately constant. No matter how carefully the

rates are calculated, if more people in the aggregate buy term insurance this year than last, at discounted rates, companies will collect less money. Conversely, if the trend is toward annual policies, more money than the rate level contemplates will be collected.

Another qualification of Mr. Bailey's mathematical illustration is that the buyer, with the option of annual or term, can obtain or forego a substantial discount at his discretion. Consequently the rate level will be inadequate if discounts exceed savings on term business, and excessive if undiscarded annual premiums provide more dollars than the business requires. No informed judgment is possible until the expense, interest and other factors are evaluated.

Mixing Business by Classes

No attention has been paid in the past to the mixture of business by terms in respect to classes. Suppose the proper loss ratio for one year business is 45%, then the proper loss ratio for three year term policies is 54% and for five year policies 56¼%. Use of an average of 50% loss ratio for all classes in making rates would produce too little premium for a class for which there were only annual policies and too much for a class in which all policies were three or five year.

The present procedure by disregarding effects of term discounts, initially introduced and currently continues different effective permissible loss ratios for the different classes, depending on distribution of the business over the classes by terms. However, Mr. Bailey explains that the classes for which a large proportion of business is written on term are often classes for which the average annual premium per policy is small and the expense high percentage-wise, and vice versa.

TERM DISTRIBUTION

The following tables show distribution by term for stock and mutual companies doing business in New York state, for 1948, with separate tabulations over 10 and 20 year periods for selected groups of companies by size. Table A is a percentage table, table B

covers the same distribution in terms of dollars. Table C is based on the composite figures of 10 large fire insurers for 20 years. The comparison with the aggregates of all companies can be checked from table A. The 10 large companies wrote somewhat more annual business and somewhat less three year business in 1948 than all fire companies combined.

The report points out that these figures are useful to show trend of premiums by terms but are not entirely accurate as to distribution of business in force since a five year policy appears among premiums written only every fifth year though it is in force in every year of the period while a three year policy appears among premiums written every third year. Also, the premium figures "in force" are for the whole term rather than relative to annual premium on an annual policy. Thus, allowing for the discount, a three year premium is 250% of a one year premium and a five year premium 400% of a one year. It would be necessary to modify the in force figures to make the dollar amounts relative, which is accomplished in table D. In that table there are three columns that "assume no discount," included information only, on the ground that some analysts may hold three and five year premiums to be directly relative to annual premiums without regard to discounts. This view would rest on the premise that not all classes of risks are eligible for term discounts and for those that are it is the discounted rate which is the correct one rather than the full annual rate. However, for the purposes of the study, the figures obtained by application of actual discounts are offered as the most truly indicative of distribution by terms.

A study of these tables shows that one year business was stabilized on a remarkably consistent plane for seven years until 1948. Three year business has been more or less stable relative to other terms for perhaps 15 years. Five year business is now more than twice as great in proportion as in 1933 and followed an almost constant upward trend through 1947 when it dipped abruptly nearly two percentage points in 1948.

A—Percentage Distribution of Fire Insurance Premiums by Term of Policy as of Dec. 31, 1948
(Net Premiums in Force at end of Year and Written During the Year)

| Class of Company | One Year or Less | Three Year | Five Year | Other | Total |
|--------------------------|------------------|------------|-----------|-------|-------|
| New York Stock..... | 41.4 | 11.5 | 8.9 | 3.0 | 100.0 |
| New York Mutual..... | 51.9 | 36.5 | 12.1 | 2.7 | 100.0 |
| Other States Stock..... | 39.6 | 46.2 | 12.1 | 2.1 | 100.0 |
| Other States Mutual..... | 37.5 | 51.6 | 6.2 | 4.7 | 100.0 |
| U. S. Branches..... | 38.3 | 47.2 | 12.1 | 2.4 | 100.0 |

Aggregate 39.7 46.6 10.8 2.9 100.0

B—Fire Premiums Written During the Year and in Force at the End of Year, 1948
(All figures in thousands)

| Class of Company | One Year or Less | Three Year | Five Year | Other | Total |
|---------------------|------------------|------------|-----------|----------|-----------|
| N. Y. Stock | \$152,295 | \$162,013 | \$42,187 | \$10,938 | \$367,433 |
| N. Y. Mutual | 2,761 | 1,939 | 473 | 146 | 5,319 |
| O. S. Stock | 208,989 | 244,380 | 63,685 | 11,309 | 528,363 |
| O. S. Mutual | 82,424 | 113,630 | 13,707 | 10,249 | 220,010 |
| U. S. Branches..... | 42,159 | 51,965 | 12,278 | 2,593 | 109,995 |

Aggregate \$488,628 \$573,927 \$133,330 \$35,235 \$1,231,120

C—Percentage Distribution of Fire Premiums Written by Terms of Policy (ten largest companies)

| Year Written | One Year or Less | Three Year | Five Year | Other | Total |
|--------------|------------------|------------|-----------|-------|-------|
| 1928 | 52.3 | 37.1 | 8.4 | 2.2 | 100.0 |
| 1929 | 49.9 | 39.5 | 8.4 | 2.2 | 100.0 |
| 1930 | 49.7 | 38.7 | 9.2 | 2.4 | 100.0 |
| 1931 | 49.9 | 40.0 | 7.7 | 2.4 | 100.0 |
| 1932 | 49.6 | 41.3 | 6.7 | 2.4 | 100.0 |
| 1933 | 50.9 | 40.0 | 6.2 | 2.8 | 100.0 |
| 1934 | 48.6 | 42.3 | 6.5 | 2.6 | 100.0 |
| 1935 | 46.4 | 43.3 | 7.9 | 2.4 | 100.0 |
| 1936 | 46.7 | 42.4 | 8.5 | 2.4 | 100.0 |
| 1937 | 45.5 | 44.3 | 7.7 | 2.5 | 100.0 |
| 1938 | 44.0 | 45.5 | 7.9 | 2.6 | 100.0 |
| 1939 | 43.0 | 45.4 | 9.2 | 2.4 | 100.0 |
| 1940 | 41.6 | 45.8 | 10.3 | 2.3 | 100.0 |
| 1941 | 40.1 | 46.4 | 11.0 | 2.5 | 100.0 |
| 1942 | 41.4 | 45.1 | 11.2 | 2.3 | 100.0 |
| 1943 | 41.1 | 46.2 | 10.4 | 2.3 | 100.0 |
| 1944 | 40.9 | 46.0 | 10.9 | 2.2 | 100.0 |
| 1945 | 40.6 | 45.1 | 12.2 | 2.1 | 100.0 |
| 1946 | 38.8 | 45.5 | 13.3 | 2.4 | 100.0 |
| 1947 | 40.1 | 43.9 | 13.4 | 2.6 | 100.0 |
| 1948 | 42.1 | 43.6 | 11.5 | 2.8 | 100.0 |

D—All Premiums in Force at Close of 1948

| Term | As Reported | Term Factor | Calculated Annual Premium | % to Total | Using Actual Discount | Calculated Annual Premium | % to Total |
|------------------|-------------|-------------|---------------------------|------------|-----------------------|---------------------------|------------|
| One Year | 18.2 | 1 | 18.2 | 42.8 | 1 | 18.2 | 38.2 |
| Three Year | 58.8 | 3 | 19.9 | 46.1 | 2½ | 23.5 | 49.4 |
| Five Year | 20.4 | 5 | 4.1 | 9.6 | 4 | 5.1 | 10.7 |
| All Other | 2.6 | 4 | .6 | 1.5 | 3½ | .8 | 1.7 |
| | 100.0 | | 42.5 | 100.0 | | 47.6 | 100.0 |

(CONTINUED ON NEXT PAGE)

MARSH & McLENNAN

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Chicago New York San Francisco Minneapolis Detroit Boston
Los Angeles Pittsburgh Seattle St. Louis St. Paul Duluth
Indianapolis Portland Superior Washington Cleveland Buffalo
Columbus Phoenix Vancouver Montreal Havana London

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POLICYWRITING

One saving claimed for term is in policywriting, and the New York department put experienced examiners and cost accountants in offices of selected insurers whose operating practices are typical of the various policy issuance techniques — one writing fire on the standard basis through agents, one on standard basis through salaried salesmen, a group writing fire through agents on both standard and renewal certificate bases, and one writing auto coverage through agents on a continuous policy basis renewed by premium receipt.

It is important, Mr. Morrill states, that any significant reduction in discounts for term would reduce the incentive to buy term policies and switch buyers to three or one year with a consequent increase in the policywriting expense. However, the fact that a change in term practices would increase policywriting costs under the present system ought not to deter the industry from further action but instead should stimulate a search for ways to reduce such costs.

Most alternative methods of policy issuance so far devised which appear to provide savings are workable only when policies and renewals are handled by insurer home and branch offices. They usually provide direct contact between company and policyholder, ex-

cluding the agent or broker upon renewal, if not at the time the initial policy is delivered.

Agents oppose any development that puts in jeopardy the agents' traditional ownership of expirations. Carriers employing policy issuance methods of the most extreme types control expirations to the practical exclusion of the producer and ordinarily pay smaller compensation (or none at all) on renewal than on new business. Yet Mr. Morrill believes alternative policy issuance methods should be explored to see what possibilities they have for adaptation to the existing agency system.

If the figures as to fire insurance costs as revealed in the Stott agency study are typical of the business, some doubts may be raised as to the actual value of ownership of most fire insurance expirations if present costs are to be maintained. Agents and companies alike are interested in making a net profit. Any possibility of reducing costs of either the producer or the carrier should be entitled to careful consideration. The Stott study showed that on a substantial volume of fire premiums, the agency is sustaining a net loss.

The study of the company group which uses renewal certificates on some business permitted comparison of the merits of renewal certificates and renewal by issuing new policies. A time check was made of comparative operations by the two means. The figures are overwhelmingly in favor of renewal certificates.

Time Study in Minutes:

| | Complete Policy | Renewal Certificate | Time Savings-Renewal Certificates |
|-------------------------------------|-----------------|---------------------|-----------------------------------|
| Time of underwriters | 1-45/60 | 25/60 | 1-20/60 |
| Time of policywriters | 10-15/60 | 2- 5/60 | 8-10/60 |
| Total Underwriting Dept..... | 12- 0/60 | 2-30/60 | 9-30/60 |
| Time of policy register and posting | 25/60 | 1- 1/60 | 36/60 |
| Grand Totals | 12-25/60 | 3-31/60 | 8-54/60 |

E. L. Bristow Now V.P.

Elliott L. Bristow, who is in charge of the production department at San Francisco for Marsh & McLennan, has been advanced to vice-president, from assistant vice-president. He has been with M. & M. at San Francisco 26 years.

UNDERWRITING POSITIONS

NOW OPEN

| | |
|------------------------------|-------|
| Bond, Iowa | \$600 |
| Inland Marine, Indiana | 500 |
| Casualty, California | 500 |
| Bond, Missouri | 450 |
| Casualty, Michigan | 450 |
| Compensation, Wisconsin .. | 450 |
| Automobile, Chicago | 400 |
| Compensation, Chicago | 400 |
| Fire, Chicago | 400 |
| Casualty, Oklahoma | 400 |
| Fire, Nebraska | 325 |

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The Pioneer Organisation

Time saved by renewal certificates benefits chiefly the agent since most of the time saved is in policywriting operation normally performed by the agent. The average time recorded as consumed in the writing of a policy was 10 minutes, 15 seconds, and in writing a renewal certificate, two minutes, five seconds, a saving of 80%. Yet renewal certificates are not widely employed by agents and in the companies studied only 8% of the agents carry renewal certificates among their supplies. The group as a whole used renewal certificates on only 1% of total business written, new and renewal, in 1947 and of all certificates issued 70%, 11,145, were for brokers in New York City and suburban.

Might Be Used on Dwellings

The accountants making the study commented that though 70 to 80% of all fire policies are on dwelling type risks which require negligible attention in the effective period, a careful and complete routine has been established and is used for all policies though actually required only on schedule and other risks requiring more than minimum handling.

The company group studied held use of certificates to "the effective area." A variation of routines for policies and for certificates would break the flow of work and reduce the net gain. Consequently, the company has adopted a procedure by which the same individuals perform the same functions, as required, on either policies or certificates and transfer becomes merely a question of forms to be selected. Use of certificates is confined to agents and brokers thoroughly conversant with the operation.

It is avoiding use of certificates in local agencies where several companies are represented with the problem of varied procedure and where an assured or mortgagee has several policies on a risk and there is need for uniformity. Change in agent or broker requires a complete policy to establish the necessary data. An increase in endorsements

and other factors that build up a folder beyond convenient handling result in a new policy.

CONTINUOUS POLICY

The continuous policy was studied as used by a very large company. Its automobile policies are six months continuous except fire, theft, comprehensive and collision on financed automobiles which are written up to two years. New policies are issued to policyholders only at inception of the contract and on substitution of a new automobile for the one originally insured. It operates through agents who are paid a share of membership fees on new applications and a service fee ranging from 2% to 8%, depending on volume, on new and renewal premiums. Bonuses are paid for underwriting profit and for increases in business in force.

Agents acquire and service business and aid in adjusting losses. They are under contract and most of them are classed as employees under social security and share in the company's pension plan. They represent only the one group of companies. They do not directly assist in renewing business, hence the low compensation for that service. Much of the business renews auto-

matically without agent effort.

Though several of the automobile companies using this plan have fire running mates, none employs the continuous policy for fire insurance, with one exception, but in most cases employs standard policies and renewal procedures and pays commissions substantially the same as by stock agency companies. One company, however, uses the continuous policy for all operations.

10 Cents vs. \$3

An advocate of the continuous policy in the fire business states it costs about 10 cents to issue a bill when the premium is due, compared to \$3 to issue a policy. Because the agent need not write a policy or contact the policyholder after it is sold, renewal commission is replaced by a small service fee. There are fewer lapses with the continuous policy. A bank or mortgage company is better served with a continuous policy that they know is in force unless it has been cancelled by notice to the lender and they need not keep the policy under diary or other record. The policyholder knows he is covered as long as he pays his premium. The plan substantially solves the unearned premium reserve problem. Accumulation of endorsements so as to encumber the policy has not been

Highlights

IN INSURANCE HISTORY

CARGO INSURANCE ... 17TH CENTURY VERSION...

Once a year, a Spanish royal galleon was authorized to sail from Manila to Acapulco. Each Philippine resident was entitled to an equal share in the cargo space available. There was a "gold mine" in the few cubic feet allotted. The nearer the sailing date came, the higher rose the bids made by the merchants who had accumulated cargo to ship. Thus, they found themselves in need of credit. They wrote their notes for the amount that corresponded to the value of the cargo, and the lenders reduced them to the amount they estimated would give them a fair return for the chance of loss they took. Without calling it thus, such discount was the premium the shipper paid for the insurance of his shipment.

The facilities of the National Union and Birmingham Fire Insurance Companies and their reinsurance treaties are more than adequate to take care of any size risk.

NATIONAL UNION and BIRMINGHAM

FIRE INSURANCE COMPANIES

PITTSBURGH PENNSYLVANIA



found a big problem. When endorsements do accumulate, the policies are rewritten, but not in accordance with a set plan.

Use of the continuous policy is largely confined to automobile in the U. S. while in Britain it started in fire insurance and is still pretty much confined to that field. Use of such a policy in both countries is accompanied by a substantial reduction in responsibilities and compensation of agent. English companies have an extensive branch office establishment with considerable autonomy in underwriting and administrative matters. The agent is called on to undertake far less than in the U. S., having nothing to do with reinsurance, keeps no records except for his own purposes, writes no policies and renders little service to assured after the business is placed on the books.

English Situation

In England on fire business the maximum commission is 15% and may be 10. English agents are with few exceptions part timers, bankers, accountants, lawyers, etc., who have an opportunity to influence the placing of insurance. English fire expense ratios are said to range 37½% to 42½%, including commissions.

A recent development in policy-writing has been mechanized policy issuance employing an IBM three line printer, an electric punched card accounting machine that prints three lines from one card. One company employs it to facilitate handling of peak load business. No evidence is available to indicate whether the method will be more or less expensive than manual processes.

The problems of installment payment of term business and those of fire

insurance terms are distinguishable and each is big enough to merit separate treatment, the report states. Installment payment plans are attractive only because of the present large discounts on term policies. A reduction in term discounts might switch many assureds to annual policies and reduce the importance of the installment problem.

| | Total Direct Agency Premiums | Installment Premiums | Ratio of Installment to Direct |
|----------------------|------------------------------------|-------------------------|--------------------------------------|
| North Carolina | \$ 56,167 | \$ 5,314 | 9.5% |
| South Carolina | 27,705 | 7,035 | 25.4% |
| Georgia | 91,950 | 31,789 | 34.6% |
| Alabama | 59,604 | 17,658 | 29.6% |
| Total | \$235,426 | \$61,796 | 26.2% |

In October, 1949, installment premiums written in these states totaled \$115,114, an increase of 86% over the September figure. October writings were distributed by states as follows: North Carolina, \$5,519; South Carolina, \$17,596; Georgia, \$50,543; Alabama, \$41,456; total, \$115,114.

Cuban Insurer Doesn't Meet Fla. Requirements

Commissioner Larson of Florida has notified agents and supervisory general agents qualified under the Florida non-admitted carriers law that La Commercial of Cuba does not meet the requirements of the law and that no further business can be placed with this company at the present time.

Mr. Larson said that the only criterion afforded him in passing upon the financial soundness of qualified non-admitted companies is section 626.05 which provides that an insurer to do business in Florida as an admitted company must "be possessed of assets with at least \$250,000 invested in bonds of the U. S. or of any state or of any county or municipality in the U. S., or in mortgages or deeds of trust on improved and unencumbered real estate worth not less than 50% more than the amount loaned thereon, at market value." It further provides that the minimum amount of \$250,000 in assets must consist of certain specifically described securities. In adopting the minimum amount of assets as a standard for passing upon the financial soundness of non-admitted companies, he said he is not going to require that such minimum amount of assets consist necessarily of the class of securities required by admitted companies. Such amount, however, must be made up of good and acceptable assets.

American Universal of Rhode Island has now qualified under the non-admitted carriers act.

La Commercial in a statement dated March 31, 1949, shows total assets of \$1,570,035, including cash \$228,090, balances due from agents \$382,131, Cuban government bonds \$111,653, other bonds \$710,075, stocks \$98,392. The loss reserve was listed as \$122,659, premium reserve \$302,369, capital \$800,000, and net surplus \$308,102.

The president was John D. Guinness; secretary, Robert Escarpenter y Pujol, and director general, Pedro P. Tapia y Alonso.

Kirkpatrick at Cleveland

A. L. Kirkpatrick, manager of the insurance department of U. S. Chamber of Commerce, addressed Insurance Board of Cleveland on "Insurance in the Washington Picture."

N. M. Classes Set Up

The extension division of University of New Mexico is now conducting classes in various lines of insurance with the assistance of New Mexico Assn. of Insurance Agents. The aim of that organization is to have a full N.A.I.A. educational program operating at all times at the university. The fire courses are being directed by George Simonton of Fireman's Fund, while Bert C. Kurman, U. S. F. & G., is directing liability and casualty matters.

Carter Advanced at Duluth

Western Adjustment has appointed W. L. Carter assistant manager at Duluth. He has been an adjuster there since 1940 and formerly was in the automobile business.

Consequently, aside from posing some of the questions that have been raised about the installment plan, the report does not get much into it.

A test check was made in the office of a large fire insurer on installment business in Alabama, Georgia, South Carolina and North Carolina in September, 1949.

The company finds installment more expensive because of five collection cards instead of one, entry of collection items five times instead of one, sending of an installment notice to the writing agent before each installment is due, and recomputation of installments, punching of new collection cards and installment notices and locating and destroying the superseded items by any endorsement that changes the amount of premium. The report also presents a table which reveals that a substantial part of the business is on premiums of relatively small size. The larger single group is for five year term premiums from \$60 to \$79.99 representing annual installments as low as \$11.36. Also, 149 of the 829 policies, or 18%, are of even smaller size.

The report also goes into the budget plan, the various installment plans, industrial fire insurance, the farm installment plan, and others.

The present short rate formula developed in 1947 smoothed out the cancellation tables but left some unanswered questions such as why coverage for seven days should cost only 7% more than pro rata of a one year premium when six months coverage bears a penalty of 10% of the pro rata of a one year premium.

Move to Let National Banks in Places Up to 12,000 Enter Insurance

Senators Holland and Pepper have introduced a bill in Congress to raise the population limit with respect to places in which national banks may act as insurance agent from 5,000 to 12,000. The bill is S. 2973.

The National Assn. of Insurance Agents executive committee meeting at Chicago this week was expected to consider this bill.

Association officials and legal advisers have been investigating the matter, in view of inquiries and protests received. The bill would provide new competition for agents in towns between 5,000 and 12,000 population.

Attention has been called to the fact that under terms of the bill, a national bank could act as agent for any insurance company licensed in the state where the bank is located, whether fire, casualty, life or what not.

The Senate banking committee has nothing scheduled on the bill, but has referred it to interested government departments and agencies for report, including the Treasury, controller of the currency, federal reserve board.

Brodhead in Capen Firm

ST. LOUIS—John Brodhead, Jr., will become a member of the firm of George D. Capen & Co. March 1.

The other members are Oden D. Prowell and Truman E. Walker.

The naming of Mr. Brodhead fills the vacancy resulting from the recent sudden death of Samuel D. Capen, Jr. He has been with the agency since 1945.

Central Mutual of Kansas City has moved into new home office quarters at 1320 Walnut street. The company occupies the entire building which has been entirely remodeled.

Argue Legality of Deductible in Texas on Hail, Windstorm

AUSTIN, TEX. — Oral arguments were heard by the court of civil appeals in the case questioning the authority of the board of insurance commissioners to establish a mandatory deductible for hail and windstorm insurance. The district court here ruled against the commissioners and the board appealed.

Ned McDaniel, assistant attorney general, represented the board, and W. H. Neary of Thompson, Knight, Neary, Harris, Wright & Weisberg of Dallas, represented the companies, supporting the view of the board.

The contention of the attorneys supporting the board was that in authorizing it to fix rates that are reasonable, adequate and non-discriminatory the Texas legislature gave the power to assure coverage under reasonable conditions and that in adoption of the order setting up the mandatory deductible the board complied with this and did not exceed its authority.

Herman Jones, attorney for Jess D. Carter, who won in the Travis county district court, argued that the board exceeded its authority by invading the sphere of legislation and that its action was discriminatory. He cited the Commercial Standard decision in support of his client's contention that the board must have specific authority before issuing an order of the type complained of. He contended that if it could issue such an order legally, there is no reason they may not issue such an order for a \$800 or \$300 deductible.

Forum Gets Buyer's Viewpoint

At the February meeting of Insurance Forum of Los Angeles, Vice-president Robert A. Hornby of Pacific Lighting Corp. gave the buyer's viewpoint on insurance and its part in the preservation of the financial security of the individual.

At the March meeting John C. Spencer, manager of the London Lloyds department of Swett & Crawford, will reply to a statement in an eastern financial periodical that Lloyds is unnecessary.



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CASUALTY INSURANCE NEWS

Set Hearings on U. S. Government Bonding Bills

WASHINGTON—The Senate committee on expenditures jumped the gun on legislative proposals regarding surety bonding of government officials and employees.

Without awaiting report due Feb. 25, from the surety industry committee that has been studying data from government departments and agencies concerned with the bonding problem, the committee's investigating subcommittee headed by Hoey, North Carolina, set for hearing beginning Feb. 24, three bills dealing with the matter.

Introduced by Senators McCarran, Holland and Downey, these propose government payment of premiums on bonds for its people, or establishment of a revolving government bonding fund. Senator Johnston's somewhat similar bill was not set for hearing.

Priority witnesses scheduled on the bills were their respective sponsors and officials of government agencies concerned. Invited also were Assn. of Casualty & Surety Companies, organizations of government employees and others.

Mich. Surety Assn. Elects R. T. Schaller President

Robert T. Schaller, Detroit manager of National Surety, was elected president of Surety Assn. of Michigan at the annual meeting at Detroit. The new vice-president is J. C. Scott, Standard Accident, and S. S. Pond, American Surety, is secretary-treasurer.

Named to the executive committee were Allyn J. Crooker, Fidelity & Deposit; Harris B. Carr, Fidelity & Casualty, and Melvin M. Thweatt, Hartford Accident.

The association had a brief memorial service for the late Stevens T. Mason, Detroit attorney who was general counsel for the association.

MARCH 27 NOW DATE

Postpone ICC Hearing on Truck Cover Limits

WASHINGTON—The interstate commerce commission hearing on proposals to increase liability insurance requirements upon motor carriers has been postponed from Feb. 23 to March 27. It is scheduled before Examiner Kilroy here. American Trucking Associations recently asked postponement to permit preparation of its case on the proposal.

A.T.A. is not prepared to state what its final position will be, but insurance interests who have cooperated with the associations' insurance committee are opposed to increasing the present minimum of five and ten. If ICC set a higher standard, it is believed the states would follow suit and the situation would result in bigger claims. Truckers support the present requirements because they say they know of no case where coverage has been insufficient to meet claims. Furthermore, truckers generally are said to carry more than minimum ICC requirements.

Insurance interests are cooperating with A.T.A. representatives in working up data on motor carriers' insurance, losses, claims, etc., preparatory to the ICC hearing, which it is hoped will sustain opposition to the commission proposals.

T. A. Valine, state agent of Phoenix of Hartford, spoke at an open town meeting at Rothsay, Minn., and showed two films. His talk was part of the Minnesota public relations program.

Wolverine Managers Hold Sales Rally

Branch managers of Wolverine from Detroit, Chicago, Indianapolis, Columbus, Des Moines and Decatur, and field representatives from seven states attended a company sales meeting at Lansing.

The first day was devoted to automobile sales and was conducted by Harold Moore and George Denning. Mr. Moore gave a detailed discussion of the new garage liability policy.

The second day was in charge of H. G. Eason, vice-president, and Donald Davis, and the subject was miscellaneous casualty lines. John Carton, president of Wolverine, outlined plans for 1950 as to further expansion and new territories.

New Amsterdam Feels No Pain

Excellent results in 1949 are reported for New Amsterdam Casualty by President J. Dougherty Mahon, and Chairman J. Arthur Nelson.

Premiums earned amounted to \$34,145,078 losses and claim expenses incurred \$18,479,489, underwriting expenses \$13,231,328. There was a federal income tax incurred of \$1,337,030 and operating profit after dividends of \$1,466,031.

The addition to reserve for contingencies amounted to \$3,167,642 but the management points out that this reserve is now only \$1,480,933 greater than it was at the end of 1945. It amounts to \$9,204,144. Capital is \$1 million and net surplus, \$10 million.

Mr. Mahon observes that the prospects for this year appear good, but he observed that there already have been numerous rate reductions, the effect of which will be felt this year. After such a profitable year as 1949, over-optimism on the part of company officials, agents and supervisory authorities may result in premium charges that will prove inadequate, he said.

The assets are now \$70,808,359. The experience of the affiliated U. S. Casualty is very much like that of New Amsterdam. The company's capital is now \$1 million, net surplus \$5 million, reserve for contingencies \$2,009,149.

Competitive State Fund Bill Appears in S. C.

State Senator Edgar A. Brown of South Carolina who is a power in the state, has introduced a bill for a competitive workmen's compensation state fund in South Carolina. It was referred to the judiciary committee. This would be directed by a commission of seven, including the chairman of South Carolina industrial commission, state treasurer and insurance commissioner.

The state fund matter is a hot issue in South Carolina.

In South Carolina, bills that are introduced in an odd number year carry over into the sessions in the even numbered years, and so the monopolistic state fund bill that was introduced in 1949 is still a threat. It was referred to the special committee in South Carolina that included representatives of the public as well as members of the legislature. Nothing has been done about it lately, however.

Also to be watched is the joint legis-

lative committee that was assigned last year to investigate workmen's compensation rates in South Carolina that was headed by Senator Gasque. This committee, it is understood, had been conferring with state fund people in New York and Ohio, and elsewhere. They had a hearing early in December. The committee was supposed to make a report shortly after the South Carolina legislature went into session this year, but was unable to do so and hence secured permission to make the report up until the end of the session.

South Carolina Assn. of Insurance Agents has been doing some effective work in opposing the state fund principle.

B.A.R.E. Writes Pension

Benefit Assn. of Railway Employees has opened a pension department. The association, a mutual casualty company, has been authorized to write group life insurance for some time.

Exchange Insurance Assn. of Chicago has applied for admission to California to write liability, common carrier liability and automobile insurance. President Samuel N. Bergman; vice-president and treasurer, Kurt Hitke; secretary, W. B. Shapiro.

Grover Burch has sold his agency at Bartlesville, Okla., to James Stewart.

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EDITORIAL COMMENT

Cost of Careless Language

THE NATIONAL UNDERWRITER in an editorial several months ago deplored the use of the word "industry" in referring to the insurance business. At that time we said that we were not merely being purists and insisting upon correct usage from a sense of the niceties of language, but that there was a real danger in insurance people allowing others to refer to insurance as an "industry" and even worse for insurance people to fall into the custom of referring to their own calling as an "industry." We said

that if insurance did not emphasize what distinguishes it from ordinary trade and commerce and industry, it could not expect others to do so and suggested some of the possible future complications due to such careless language.

What prompts reference to the former words on this page was Secretary of the Treasury Snyder's use of the word "industry" when he discussed federal taxation of total income of life insurance companies.

Racial Cooperation at Los Angeles

Not only insurance people, but economists and sociologists may well take notice of something that has developed at Los Angeles which could profitably serve as a template for similar relationships elsewhere and in different fields of business. It is the story of the licensing of Loyal Automobile Insurance Co. of Los Angeles, which is owned and operated by Negroes for the benefit of those Negroes who are unable to secure automobile insurance. All the officers are Negroes, except the president, who is Wendell E. Larson, and then there is set up an advisory committee that includes Mr. Larson and Harry Perk, Jr., a well known local insurance agent, and former national committeeman of National Assn. of Insurance Agents.

We wish this company well and we feel that this type of racial cooperation is something that can be applied effectively in many fields and in many places. Here is an opportunity, not only for experienced and disinterested white men to guide responsible and intelligent Negro leaders in the development of a Negro institution that can provide facilities for Negroes that are difficult to get elsewhere, but over and beyond that, in building a successful Negro institution

there will be developed job opportunities and executive positions for educated and competent Negroes. There are needed a great many more such opportunities in the business world.

We have long felt that relationships of this kind offer the best practical means of furnishing stations in business life that can satisfy the legitimate aspirations of Negroes. It is the kind of project that calls for the finest kind of chamber of commerce touch. There are relationships of this kind developing in the medical field. They can well be extended to banking, to insurance, to merchandising and to other business activities. In the past, too often, Negroes who have had the ambition to launch enterprises of their own have lacked the experience and have lacked the opportunity to get at first hand, the soundest kind of counsel and they have copied the mistakes rather than the virtues of white enterprises. For instance, there were some failures in the banking field among Negroes in the past depression that were no worse than failure on the white side, but it caused loss of prestige on the part of Negro leadership in that field and set such a development back many years. Success in these inter-racial commer-

cial enterprises require a great deal of diplomacy, good will and correct objectives on both sides. There must be on the part of the Negro, a sincere desire to build permanent institutions on a sound basis, and there must be on the part of the white advisers, a genuine

desire to give their very best counsel, and with the aim of developing such executive talent among the Negroes that gradually the advisory group can take its leave and the Negroes can continue entirely on their own and with a sure and confident touch.

PERSONAL SIDE OF THE BUSINESS

Frank J. Sullivan and E. F. Sullivan, who are connected with Montana Fire Rating Bureau, took part at Helena on Lincoln's birthday, in the 60th wedding anniversary of their parents, Mr. and Mrs. James P. Sullivan. J. P. Sullivan recently renewed his state license as a stationary engineer, although he retired from active service as a hoisting engineer about 10 years ago.

John J. Riley, head of the Riley & Son agency, Sumter, S. C., has announced his candidacy for Congress. He was a member of Congress from 1945 to 1948.

Evan H. Browne, local agent at Kansas City, and former secretary of Kansas Assn. of Insurance Agents and Mrs. Browne along with three other couples are taking a four week cruise to Puerto Rico. They plan to sail from Galveston on a freighter.

William M. Bowden, president of Albert Willcox & Co., reinsurance brokers in New York City, has been named chairman of a special gifts committee of the Greenwich, Conn., 1950 Red Cross campaign.

W. Harold Leonhart, Baltimore general agent, and Mrs. Leonhart, announce the birth of a daughter, Valerie Anne. This is the sixth Leonhart child, and rounds out the family with three boys and three girls.

Harry J. Conklin, Cook County manager of Loyalty Group, last week celebrated his 25th year with the companies. He had traveled the Illinois field for many years before becoming Cook county manager, and before that was in the southwest territory. He is a past most loyal gander of Illinois Blue Goose.

O. D. Butcher, Hartford Fire state agent, Topeka, has returned to his office following an operation and hopes to be back in the field by March.

Charles W. Smith, resident inspector of Kansas Inspection Bureau at Stockton, is recuperating at St. Luke's Hospital, Kansas City, following major sur-

gery. He has been with the Kansas Bureau for about 30 years at Topeka, Wichita and Stockton.

E. A. Henne, vice-president and western manager of America Fore, is resting comfortably at Passavant hospital, Chicago, after a successful cataract operation performed Monday on his left eye. Mr. Henne will be in the hospital another 10 days or so.

An honorary doctor of laws degree was conferred upon Frank A. Gorman, president of the Gorman & Thomas agency of Detroit by Wayne university of that city during midyear commencement exercises. He has been a member of the Detroit school board since 1923, is a former member of Wayne county board of library commissioners and Detroit public library board.

A. E. Heacock, president of the Meserole companies, and Harold Johnson, vice-president and Pacific Coast manager of that group, together with their wives, are sailing Friday on a Grace Line steamer for a two-weeks Caribbean cruise. Both couples are observing their 25th wedding anniversaries.

Sumner T. Pike, newly appointed acting chairman of the atomic energy commission, was secretary of America Fore Fire companies 1923-28. He was in the finance department and had charge of the securities portfolio.

Casualty Insuror Has Agency Cost Analyses

Seven pages in the March issue of the "Casualty Insuror" are devoted to the New York department's study of the Stott agency, to outline in detail how the study was organized and approached, what conclusions were reached and some of the suggestions to agencies which stem from the disclosures made by the study. About 3½ pages of the article are used to reproduce tables which provide the detailed evidence uncovered in the work of the department examiners while they were in the agency.

Those who do not get the "Casualty Insuror" may obtain the March issue by sending in a subscription order to the National Underwriter Company at 420 East Fourth street, Cincinnati, together with check for \$2 to pay for the first year's subscription. Copies of the issue are limited.

Julius E. Finke, local manager, and Terry Cole, claims manager of Swett & Crawford, addressed a luncheon meeting Tuesday of the Portland members of Oregon Assn. of Insurance Agents.

Fire Company Experience in 1949 by Lines

| Fire | Paid | | Extended Coverage | | Tornado-Windstorm | | Sprinkler-Leakage | | Riot & Explosion | | Motor Vehicle | |
|-----------------------|-----------|-----------|-------------------|---------|-------------------|--------|-------------------|--------|------------------|---------|---------------|-----------|
| | Premiums | Losses | Premiums | Losses | Premiums | Losses | Premiums | Losses | Premiums | Losses | Premiums | Losses |
| Appalachian, R. I. | 50,541 | 9,931 | | | | | | | | | | |
| Boston | 5,593,345 | 3,878,789 | 1,787,227 | 484,978 | 60,559 | 62,826 | 38,442 | 12,073 | 14,411 | 615 | 2,549,155 | 964,404 |
| Dubuque, F. & M. | 1,330,701 | 311,492 | 622,902 | 207,214 | 8,144 | 1,806 | 2,379 | 505 | 239 | 612 | 66,739 | 21,461 |
| Equitable Fire, S. C. | 307,606 | 105,317 | 84,864 | 20,682 | 6,232 | 837 | 69 | 8 | 27 | 8 | | |
| F. & G. | 8,140,969 | 2,604,320 | 2,002,638 | 486,689 | 51,516 | 49,572 | 21,507 | 6,470 | 15,301 | 2,600 | 8,217,034 | 2,693,758 |
| Grt. Eastern, N. Y. | 73,646 | 47,858 | 13,168 | 2,302 | 27 | 150 | 1,043 | | 87 | | 164,839 | 63,283 |
| Louisville F. & M. | 592,390 | 259,454 | 271,302 | 86,033 | 3,359 | 4,539 | 452 | 83 | 148 | 219 | 425,379 | 218,662 |
| Nat'l Sur. Marine. | —352 | 218 | —422 | | | | | | | | 1,335,222 | 449,161 |
| Northwest, F. & M. | 788,098 | 280,365 | 159,871 | 50,053 | 12,650 | 7,345 | 3,440 | 798 | 2,049 | 35 | 361,228 | 119,769 |
| Ohio Ins. | 222,751 | 57,375 | 71,384 | 10,839 | 224 | 254 | 36 | | | | 1,706,002 | 482,354 |
| Old Colony | 3,685,005 | 1,662,338 | 765,954 | 207,847 | 25,966 | 26,925 | 16,475 | 5,174 | 6,176 | 263 | 1,092,495 | 413,316 |
| St. Louis F. & M. | 559,162 | 103,773 | 489,004 | 65,457 | 107 | —64 | | | | | 184,926 | 50,585 |
| Twin City Fire | 472,858 | 168,200 | 85,923 | 30,032 | 7,590 | 4,407 | | 1,272 | 21 | 216,737 | 71,861 | |
| Western Fire, Kan. | 879,746 | 258,065 | 268,068 | 74,728 | 5,048 | 7,797 | 956 | 59 | 69 | | 4,409,950 | 1,370,410 |
| RECIPROCAL | | | | | | | | | | | | |
| Universal Un., Mo. | 2,161,891 | 178,804 | 247,057 | 55,235 | | | | | | | 741,884 | 163,368 |

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DEATHS

STUART RAGLAND, member of the firm of the large Richmond local agency of Tabb, Brockenbrough & Ragland, and a former president of Virginia Assn. of Insurance Agents, died in a hospital there. His health had been failing for some time.



Stuart Ragland

He was born at Richmond in 1890 and started in the local agency business with Blair & Tabb.

He was president of Virginia agents association in 1939-40 and subsequently served as state national director until 1944. He was very active in Boy Scout work. He was a past president of Kwanis Club and past president of Richmond Assn. of Insurance Agents.

BEN R. HENDERSON, 77, Memphis local agent, died of a heart ailment. He had been in the insurance business for 35 years.

The death of **LEE A. DUDLEY**, prominent local agent at Battle Creek and who was president of Michigan Assn. of Insurance Agents in 1927, is widely mourned throughout the insurance ranks in Michigan. He had a great genius for friendship. His hometown paper, in its obituary notice, quoted a friend as saying: "I wouldn't know where to begin in describing Lee's intimate friends. There were so many."

Mr. Dudley was involved in an automobile accident near Elizabethtown, Ky., Feb. 5 while driving to Florida in company with George Cooper of the Gage Printing Co. of Battle Creek. Though his injuries were serious and would have required lengthy hospitalization, his recovery was being taken for granted when he died as a result of an embolism. His son, John D. Dudley and a brother, Linsley W. Dudley, were summoned and drove all night to Louisville and were at his bedside in Nichols General hospital there when he died.

The son is connected with the Hubbard-Dudley Co. agency of which Lee Dudley was president and treasurer. Lee Dudley was co-founder of that agency in 1930 with Nelson E. Hubbard.

Mr. Dudley attended University of Michigan and after a period of teaching, he joined his father, Landon Dudley, in the life insurance business. After serving in the first war, he entered the general insurance field at Battle Creek. He was a past president of Battle Creek Rotary Club, of Athelstan Club, was treasurer of Y. M. C. A. there in 1947.

A memorial fund established at Battle Creek in the name of Mrs. Dudley, who died a year ago, is to be modified to include the name of her husband. The fund, used to aid deserving teachers in the elementary field or those studying to enter that field, henceforth will be known as the Lee A. and Dessalee Ryan Dudley Memorial Fund. Mrs. Dudley served 35 years in the Battle Creek school system and Mr. Dudley also was a teacher at one time during his early career.

GERALD ROCHE, 50, group man for the Benefit Assn. of Railway Employees at Chicago for 13 years, died in Ravenswood hospital. He was a veteran of the first world war and a graduate of the University of Illinois. His brother, Leonard Roche, is a group representative for the association.

THEODORE HERFURTH, veteran local and general agent at Madison, who, died Feb. 12 at the age of 77, left an estate in excess of \$125,000, according to his will filed in county probate court. It has been estimated that the estate will total more than \$500,000 and possibly close to \$1 million. In addition to relatives and employees, the Univer-

sity of Wisconsin, city of Madison and several organizations are bequeathed funds. The will requests that the insurance agency continue to operate as a corporation with the income to go to beneficiaries, and after their death to the city of Madison for charitable purposes and the university for research.

R. E. McLAIN, manager of Iowa Inspection Bureau, died Sunday at a hospital at Des Moines at the age of 56. He had been in rating work in Iowa since about 1925. Originally he operated with K. L. Walling as Walling & McLain, publishers of Iowa Inspection Bureau. When Mr. Walling retired, Mr. McLain became the sole publisher and when Iowa Inspection Bureau was set up under the new rate law in 1947, he became the manager. Prior to going to Iowa, he was superintendent of the Youngstown office of Ohio Inspection Bureau. He originated in Michigan.

CHARLES M. RANDALL, 64, manager of the bonding department at Los Angeles of Massachusetts Bonding, died there after a long illness. He went to Los Angeles in 1941. Previously he had been for 12 years with Joyce & Co. at Chicago, and earlier with Consolidated Indemnity.

WILLIAM M. McGEE, 80, founder and chairman of Pacific Automobile of Los Angeles, died at Carmel, Cal. A native of Missouri, he went to California in 1909, and in 1923 organized and was elected president of Pacific Automobile. He was made chairman two years ago.

S. J. THEIS, 63, partner in Fred Theis & Son agency at Wilkes-Barre, Pa., died there. He had been retired two years.

WILLIAM EGLESTON, who served for a time as South Carolina commissioner commencing in 1942, died at his home at Hartsdale at the age of 42. After serving as commissioner for a time, he entered the marine corps. He was a former state representative.

A. E. ANDERSON, past president of National Assn. of Mutual Insurance Companies, who died at Cottonwood, Minn., last week at the age of 80, was secretary of Mutual Creamery Fire, North Star Farmers Mutual, Norwegian Mutual, Mutual Creamery Liability of Minnesota. He served as the 28th president of N.A.M.I.C., and was past secretary of the State Assn. of Farm Mutuals of Minnesota. He was a director of the mutual company group for many years and was a pioneer in establishing farm mutual business in his territory. Mr. Anderson had been in insurance for more than 50 years.

LOUIS CHARLES HENRY, pioneer local agent at Helena, Mont., died at the age of 83. He established his agency in 1900.

MANLEY L. ARNOLD, 71, former Eldorado, Kan., local agent, died following a six months' illness. He was cashier of Eldorado National Bank at the time of his death.

RUSKIN R. COUCH, 53, of the Couch Land Co. agency, Anthony, Kan., died following a heart attack. He had operated the agency since 1927 except for two years as postmaster there.

EUELL H. BATT, 58, Wichita local agent, died following a brief illness. He had lived in Wichita since 1916.

CALVIN R. HOYT, 72, Thayer, Kan., local agent and banker, died following a prolonged illness.

R. MICHAEL FOX, 37, of the Fox & Fox agency at Indianapolis, died at his home. He became a partner in his father's agency following his graduation from Notre Dame in 1934.

MACK EDWARDS, 53, local agent at Dustin, Okla., died from a heart attack. He had been in insurance business there for 10 years.

After 25 years as a local agent, **W. O. GARDINER** of Cherokee, Okla., 50, died of a heart attack.

PHILIP A. TALIAFERRO, 54, local agent at Knoxville, Tenn., is reported to have committed suicide by diving off a bridge over the Tennessee river at Chattanooga. The body may not be recovered until present flood conditions subside.

FRANK A. PEABODY, 82, veteran local agent of Houlton, Me., died after a long illness.

ALEXANDER R. McDONALD, 59, local agent at Newman, Ill., died at Orlando, Fla., while motoring through that city.

CLIFFORD R. CUSSON, 55, local agent at Haverhill, Mass., died at Punta Gorda, Fla., as he was returning from a Florida vacation.

E. MERRICK TYLOR, well known British insurance executive, died suddenly in England. He held many important posts in London, including chairman

of C. E. Heath & Co.; deputy chairman Trade Indemnity Co.; director, Quaker City Fire, and chairman Excess Insurance Co., Ltd.

DENNIS B. RYAN, former vice-president and treasurer of William H. McGee & Co., marine underwriters, died. He was with McGee & Co. from 1916 until his retirement in 1946.

CHARLES R. BLACKBURN, who retired in 1941 after many years as a safety engineer for Standard Accident died at the age of 80.

Mr. Blackburn joined the Standard in 1918 but had been in retirement from his duties with the company since 1941.

ADOLPH F. RATERMANN, local agent at Fort Laramie, O., died there.

ROBERT R. RIESER, 67, insurance broker of Chatham, N. J., died there.

Phila. Insurance Society Holds Annual Banquet

PHILADELPHIA—A campaign to replenish and build up the library at Insurance Society of Philadelphia was announced by Kenneth B. Hatch, Fire Association, in his presidential message at the annual banquet. No set figure was disclosed. More than 1,500 members and guests were in attendance. Mr. Hatch praised the society for its contribution to insurance in the Philadelphia area, stating that more than 5,000 have been graduated from its school.

Charles P. Butler, executive vice-president of National Assn. of Insurance Agents, paid tribute to insurance as upholding free enterprise.

"There are in this country approximately 350,000 licensed agents and brokers," he said, "and many more thousands of licensed life agents, all of whom are bringing home to the people in their every activity and in every community the service of insurance, a service which absorbs the fortuitous, economic losses to which man and his property are continuously exposed, a service without which there would be no foundation for confidence upon which to build credit, which is the heart of our economic system."

"The thousands of men and women working in the insurance business, the millions of policyholders, all bespeak in themselves a message to all of America—save and preserve this fundamental concept of your insurance business and its regulation."

Gov. Duff of Pennsylvania delivered the main address at the banquet.

Paul Wolcott, Jr., San Diego, has been named to succeed Hal Steele, resigned, as a director of California Assn. of Insurance Agents.

Freedom Award



At ceremonies under the auspices of San Francisco Advertising Club, Freedoms Foundation, Inc., presented Fireman's Fund a gold medal award for its advertising campaign designed to create a renewed appreciation for those doctrines of self-reliance and free enterprise as set down by the founders of America. John Francis Neylan (left), director of Freedoms Foundation and San Francisco attorney, presented the award to Edward O. Schareg, advertising manager of Fireman's Fund.

Nurnberg Expands

Nurnberg Adjustment Company of Milwaukee has opened another associate office at 121½ North Broadway, Green Bay, Wis., under the management of Cecil W. Schrock.

Mr. Schrock was with Nurnberg for 12 years prior to the war.

Since his return from naval service as lieutenant commander Mr. Schrock has spent two years adjusting casualty claims and two years as manager and estimator of a large auto body repair shop at Green Bay.

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Deluge of Group Casualty Business Swamping Staffs

"Everybody Has Got To Get Into the Act"; Peak Not Reached

Staffs of the group writing companies are currently swamped by a deluge of business, the like of which has never been seen before. New groups are being written, and added to, quotations are being prepared for competitive bidding at a rate that was previously never dreamed of, even by group practitioners who have lived in a climate of sales superlatives every year since the war.

Branch offices and home offices of most of the group companies are to be found open late at night fighting to process the orders. The group sales representatives are busy almost every night, either at the office or attending company and union meetings. Few of the group people have been able to keep their heads above the sea of work long enough to evaluate the situation. All that seems certain is that this year will be, by all odds, the most terrific sales year in group insurance history. This applies particularly to the casualty coverage, although sales of group life insurance are also booming.

The situation has reached the point where, as one employer said, "everybody has got to get into the act." The bulk of industrial employers are being forced into installing group insurance or increasing what they have either by state laws, by the labor unions or by competitive pressure. It is no longer the case of selling an employer on the idea that he can prove that he is "enlightened" and that he can "do something nice" for his employees if he will buy group insurance for them. The employer today is being forced to take group insurance and more group insurance, no matter what his feelings are in the matter.

Such employers are besieging the group insurance companies with urgent requests for information and action. The labor unions are also taking the initiative in this direction. A far greater load has been thrown upon group staffs in every section. More than ever before, these group men are being called upon to serve as technical experts by harried employers and by labor unions. This demand upon them for advice comes at a period when they can least afford to spend time giving advice. All of them are rushed to distraction merely processing business. The demands of competitive bidding are the straws which are breaking their backs.

Ordinary Men in the Breach

In addition to putting on new groups, almost every group company is occupied to the hilt with adding coverages to groups already in effect where the labor unions have pushed through demands for extension of coverage. The companies have tried to shovel additional men into the breach. In some cases, men employed in other company capacities who have group experience are being placed temporarily in the group ranks to try to help with the field and office work. Most group offices have put on considerable additional woman-power. However, there is not much the companies can do to augment their group casualty staffs in a hurry, because the training in the

(CONTINUED ON PAGE 33)

May Modify Ore. Surcharge Rule

Poll Assigned Risk Members on Removing Penalty on Free Risks

PORTLAND, ORE. — Members of Oregon automobile assigned risk plan are being polled on a resolution that was adopted by the governing committee, for an amendment to remove the 15% surcharge on risks that are not required to file evidence of financial responsibility under the law. The governing committee communication is signed by Chairman E. J. DeVoe and it provides that if no communication is received from a subscriber before March 10, it will be assumed that consent is given to the amendment.

Mr. DeVoe states that for some time there has been active criticism of the surcharge applying to risks who have not become subject to the financial responsibility act and who have applied to the assigned risk plan solely because race, age, physical disability or age of car precluded them from securing coverage in the normal way.

Public Is Censorious

The plan and the insurance companies are being increasingly censured by the public, according to Mr. DeVoe. The subject of discrimination by insurance companies is a frequent issue at political meetings and is reported extensively in the press. He referred, for instance, to the meeting of Republican Club of Oregon in December at which the main point in the speaker's address was the matter of placing Negro risks in the plan at an increased premium charge. He also referred to headlines in the Portland "Oregonian" Jan. 26 reading: "Negroes Win Morse Pledge—Bias on Insurance Assailed in Talk." This was a report of an address by U. S. Senator Morse in which he said, "You can't justify that kind of discrimination in this country and be a constitutional liberal." He pledged himself "as a private citizen" to support state legislation to remove this discrimination.

Mr. DeVoe stated that race discrimination is not the only basis of criticism, but it is the most common one. Over-age persons, under-age, disabled and owners of over-age cars feel the surcharge is unfair and discriminatory when their driving experience has been good.

Norman Knowlton, representing National Bureau of Casualty Underwriters, and Mr. DeVoe, representing non-affiliated stock companies, have conferred with the insurance department which has insisted that this surcharge is discriminatory and should be removed.

Takes \$500,000 from Reserves

Minnesota Hospital Service Assn. (Blue Cross) had to dip into reserves to the amount of almost \$500,000 last year because of "an unusual increase in the number of subscribers going to hospitals in 1949." Arthur M. Calvin, executive director, says, however, that the plan is in sound financial position, with 69,258 new subscribers enrolled in 1949, bringing the total covered to 966,000.

Noll St. Louis Speaker

Rolf R. Noll, Postal Life & Casualty, Kansas City, member of the International association executive board and former chairman of the Leading Producers Round Table speaks before A. & H. Underwriters Assn. of St. Louis Feb. 23 on "Produce or Perish."

Report U. S. Steel Cover to Be Split with 8 Insurers

The U. S. Steel group life and casualty coverage package will be divided among eight insurers, it is understood, with Metropolitan Life getting the contract on salaried employees, of whom there are about 20,000, and Equitable Society receiving the basic contract on the hourly paid employees, the latter contract to be reinsured proportionately among six additional carriers. There are about 175,000 hourly paid employees. The split is said to affect both life and casualty coverages. Hospitalization will go to Blue Cross.

Reinsurance of the hourly paid employees will place part of the life and casualty coverages with Aetna Life, Prudential, General American, John Hancock, Protective Life of Birmingham, and Travelers, all of which now have some of the coverage on the employees.

Final details are not expected until the stockholders meeting of U. S. Steel Feb. 27, which is to be followed by a board meeting on Feb. 28. Most of the plan with the exception of some retroactive provisions becomes effective March 1.

The specific details as to amount of life coverage, number of weeks of disability payments, etc., have not yet been decided.

The placing of the U. S. Steel case should create a huge bulge in group sales figures. The Bethlehem Steel group, one of the largest written, involved some 88,000 employees and a face amount of about \$325 million. In 1950 group seems certain to set an all-time sales record.

U. S. Guarantee Initiates Extra Dividend Payment

U. S. Guarantee has declared a quarterly dividend of 60 cents and an extra of 40 cents, both payable March 31 to stock of record March 10. Last year the dividends consisted of four 60 cent quarterly; in 1948 the total payments were \$2.35.

The midwestern department of Anchor Casualty has moved its headquarters in Kansas City from the Waldheim building to 228 Plaza Esplanade building. L. A. Bitters is manager.

Timely Circular Drives Home Brink's Loss Import

"It Could Happen To You, Too!" is the catchy headline on a single sheet circular publicizing the recent Brink's loss emphasizing the need for commercial burglary and robbery insurance, published by The Fire, Casualty & Surety Bulletins of The National Underwriter Co.

Many insurance men are taking advantage of this particular loss to tell their customers about suitable protection. With that thought in mind, the editors of the Bulletins prepared this circular which contains a newspaper story and Federal Bureau of Investigation statistics on burglaries and robberies.

These circulars may be purchased from The National Underwriter Co., 420 E. Fourth St., Cincinnati 2, Ohio. Prices are: Minimum order—50 copies—\$1; 100—\$1.80; 250—\$3.75; 500—\$6.50; 1,000—\$11; 2,500—\$25; and 5,000—\$45. Larger quantity prices will be quoted upon request.

A large imprint space is provided for those who wish to personalize the circular. An additional charge of \$3.50 is made for this imprinting on orders up to 5,000.

Expect Approval Soon for TDB Policies in N. Y.

Companies Irked Over Delay. Fear Over-Minute Regulation

NEW YORK—The New York department was expected this week to approve forms for statutory disability benefits policies and allow companies to start selling the coverage. They have been waiting some months for the approval. Production men have shown increasing irritation at the delay in approval of forms by the workmen's compensation board, which is said to be necessary before the insurance department can act.

In continued expectation of approval of the forms, companies for some time have been drumming up sales enthusiasm among producers. But they haven't been allowed to write the business and have had to tell agents and brokers that every proposition was tentative.

Some companies have felt, as time went on and the period for writing the business became shorter, that the compensation board was haggling too much over picayune details. To avert creating ill-will they have refused and still refuse to criticize openly.

Fear Flexibility Endangered

There is some concern that the regulations when issued will impede private plan flexibility. There is apparently to be control over minute alterations in approved plans, even when they are above the statutory minimums. Companies, for example, do not want to be required to write supplemental contracts for all benefits beyond the minimum. They want to use a single policy which will be less awkward to handle and less expensive.

Some companies experienced in the field think they are being penalized by the concern of state departments over the effect of their decisions on newer companies writing the line. The anxiety of insurers reflects the views of industry and labor throughout the state. The public has been given a vast amount of information on the law and interest and curiosity have been stirred up. There are now four months left to do the job on which companies hoped to start last fall. Companies believe that the prestige of private non-occupational disability insurance is at stake and want particularly to make a good production record under the New York type law.

Building Permit Issue

ST. LOUIS—The question of whether American Automobile should be permitted to erect a \$2½ million office building at the corner of Lindell boulevard and Spring avenue with a 30-foot setback has been placed before the circuit court by Building Commissioner Baum and Director of Public Safety Dyer. The board of adjustment was named as the defendant in the action which seeks to reverse the ruling of the board that a permit be issued for the building as planned. The permit was issued after Baum had refused to grant the permit on the grounds that the structure should observe the 38-foot building line established on Lindell boulevard.

Washburn, Smith, Ritter Tell A. & H. Possibilities at Pittsburgh Congress

Selling as a public service, threats of compulsory insurance, and an outline of the growth of A. & H. insurance over the years were highlights in the addresses given at the sales congress of the Pittsburgh Assn. of A. & H. Underwriters Monday.

William deV. Washburn, executive vice-president of American Health, observed that more and better business and a more solid profit foundation are achieved when public service is placed ahead of personal profit in selling. The agent is paid by his company out of premium dollars for service to the company and the insured, he stated, and when the agent is sincerely trying to do a good job for his company—which means mastery of techniques of proper risk selection, complete representation of each risk to the company, full explanation of coverage to the insured, and sincere desire to give service—results will be that claims will be paid promptly without dispute and the company will attempt to write every risk the agent recommends as liberally as possible. The longer the agent writes business in this manner the greater will be the block of his satisfied policyholders who will be a cooperative source of leads for new business as well as a continuing source of renewal commissions.

Must Sacrifice Some Sales

When the agent is sincerely trying to serve the public he will tell some of his prospects that they do not need what he has to sell or that they should keep what they have, even though he tells this with the knowledge that he may be sacrificing a source of sale commission. Then he will go over the presentation of his benefits just sufficiently to show how what he has to offer is needed by most people, and will still try to use such individuals as sources of leads, and with much more satisfactory results than most agents would believe possible, Mr. Washburn declared.

When this approach is used, the agent is going to believe more intensely in what he is telling a prospect who does need his coverage, and his belief will be shared by the prospect. Mr. Washburn said this method can eliminate many of the troubles of closing because the agent is honestly looking at the matter from the viewpoint of the prospect and continually placing himself in the other man's shoes.

Warns of Socialistic Inroads

A. & H. men must recognize and understand the problem of progressive socialism which will eventually destroy a free market economy, E. H. O'Connor, managing director of Insurance Economics Society, said in his address. He took up in some detail the provisions and dangers of HR 6000, the social security bill, and the statement of welfare state proponents that the public has not protected itself against the important hazards of life and therefore it is the duty of the government to compel them to do so.

If more than one-third of the population can be covered by voluntary hospital insurance at a time when the plans are still relatively new, he said, the government has a weak case in arguing that compulsion is the only answer.

Darrell O. Smith, vice-president of American Casualty, in his address on "This All-Embracing Business" remarked that much attention in recent weeks has been given to changes in the past 50 years, but little or no attention has been given to insurance in this regard. Mr. Smith observed that revolutionary changes have occurred in insurance, particularly in A. & H., to the point where today A. & H. in volume has assumed major status and its dollar premium volume is greater than automobile liability, almost a required form of coverage, and is also greater than workmen's compensation, a statutory coverage.

Today, A. & H. is a recognized and greatly appreciated form of insurance, and this development has taken place in a relatively short span. In 1900 there were 47 companies in the business and Travelers, the largest, had \$600,000 capital and \$200,000 surplus. The business was rough and the major emphasis apparently was on exclusions and how to make them apply. By 1925, even though there were more companies in the field and a wider variety of policies, A. & H. was an unimportant segment of insurance. The business was still experimental, forms of policies relatively few, coverages restricted, adjustment practices questionable, and prospects limited.

Big Change in 25 Years

Mr. Smith emphasized that from 1925 until 1950, the entire business has been revolutionized and income insurance has been accepted as basic insurance. There are no longer three or four prospects for three or four types of coverage, but hundreds of prospects for scores of types of policies.

Today the primary concern is not the method used in selling, but selling all the people who need protection, Harry E. Ritter, general agent of General Accident in Philadelphia, declared.

While this is a tremendous job, Mr. Ritter asserted that in many cases, agents make a lot of work for themselves by soliciting at a distance too far removed from the office and home. He pointed out that many people the agent sees every day are prospects and may be better ones than those who are tracked down through a reference call or some stipulated method of securing names.

Lists Immediate Prospects

Among the immediate prospects mentioned by Mr. Ritter were the milkman, baker, grocer, tailor, shoe repairman, parking space attendant, bus driver, and lunch counter waitress. The argument might be given that some of these people are protected by group insurance, but while that may be true, it does not mean they are adequately protected. Instead, Mr. Ritter declared, it helps sell another policy because the prospect now understands more about the need for A. & H.

If some of the people are covered by group, they have undoubtedly witnessed the good that was done when a claim was paid to a fellow worker. The agent can capitalize on this by proving that additional coverage is the difference between near existence and maintaining normal living standards. If every agent who sells A. & H. would solicit and write the hundreds of people who sell to him, the business could protect the citizens in a complete manner and eliminate the cry for expansion of social security.

Underwriters Cautious Following Brinks Loss

Although the Brinks \$1½ million loss at Boston has resulted in the placing of a great deal of new and additional crime coverage throughout the country, it is not entirely a one-way street for the producers. This loss has also caused the insurers to put up their guards. Types of coverage and amounts that previously were written automatically by the insurance companies without a second thought, because of what seemed to be extremely remote loss possibilities, are now being scrutinized with a searching double O by underwriters who were shocked by the Brinks experience into a realization that "It can happen here." This new critical attitude on the part of underwriters creates quite a problem for the large brokers and agents especially who are dealing in large amounts of coverage and unusual hazards.

U.S.F.&G. Premiums \$100 Million

Net premiums written by U.S.F.&G. in 1949 were \$100,071,376. Earned premiums were \$95,203,109, an increase of \$13,575,482, or 16.6%. The figures established new high records.

After deduction of claims and adjustment expenses, operating costs, premium taxes, licenses and fees, a total of \$89,572,566, the net underwriting earnings were \$5,630,543. This, plus net income from investments of \$3,200,455 and other income of \$687,397, produced a gross operating profit of \$9,518,396.

After income taxes incurred of \$2,732,257 and profit and loss items of \$762,035, the net income from operations was \$6,024,103. This was an increase of \$244,078 over 1948. Dividends of \$2 million were paid, and \$3,344,617 was added to surplus.

Appreciation in securities values amounting to \$4,801,195 and profit of \$679,485 from the sale of securities were added to the voluntary reserve, so that the voluntary reserve rose to \$8,745,819, as contrasted to \$3,265,138 at the beginning of the year.

Policyholders' surplus, consisting of capital, surplus and voluntary reserve, stood at \$47,265,640, an increase of \$8,825,298.

Normal Situation Approaching

Assets were \$164,762,584, compared to \$143,728,203 in 1948.

President E. Asbury Davis noted that since 1945 the premiums had increased 109.4%. He said that in the years following the war, the casualty business witnessed the unusual spectacle of insurance in such volume as to threaten to overtax the capacity of the underwriters. He said that that era seems to be drawing to a close, indications being that volume is tending to level off and a more normal situation approaching.

The Fidelity and Guaranty Insurance Corporation, the subsidiary of the U. S. F. and G., also reported a profitable year in contrast to several earlier years. The U. S. F. and G.'s holdings of 190,185 shares appear in the report at a valuation of \$45 a share, which is less than the statutory formula allows.

Since Dec. 31, 1949, 10% stock dividend (100,000 shares) was paid, and 300,000 new shares were sold to stockholders at \$40 a share, the effect being to increase the shares of capital stock from 1,000,000 to 1,400,000, to increase the capital from \$10 million to \$14 million and to increase the surplus account by \$8 million. These transactions were not reflected in the 1949 statement.

Carson, Pirie Fidelity Loss Covered by Liberty Mutual

Liberty Mutual has the bond on the Carson Pirie Scott & Co. department store of Chicago that was embezzled out of \$20,000 to \$30,000 over a 16 year period by a company bookkeeper with 40 years of service.

The bookkeeper, Charles J. Nelson, 56, admitted taking \$20,000 and said he used the money at first to play the horses and later to meet household expenses. Nelson, whose salary was \$250 a month, accomplished his defalcations by writing out refund checks and cashing them himself. Nearly all the checks were for amounts ranging between \$30 and \$60.

Midwestern Statistical Parley Now Set for May 17

The annual meeting of Midwestern Independent Statistical Service has been set ahead to May 17, at Hotel LaSalle, Chicago. This will be a one-day meeting followed by a cocktail party and dinner. The original date was May 10 but many of the members asked for a change because this conflicted with the meeting of Insurance Accounting & Statistical Assn. at Boston May 11-13.

Hold Hearings in N. C. on Liability Discount Filing

RALEIGH, N. C.—In a two-hour public hearing attended by only a handful of spectators, J. M. Cahill, representing National Bureau of Casualty Underwriters, and John Fletcher of Raleigh, manager of the N. C. automobile rate administrative office, explained details of a premium discount plan proposed for large liability risks.

Mr. Cahill said the discounts, proposed on both automobile and general liability lines, would apply to all risks developing premiums over \$1,000 a year, with the size of the discount increasing proportionately as the premium increased. Experience of the casualty companies, he said, clearly indicates there is a graduation of expense by size of the risk.

The plan, Mr. Cahill said, is patterned after a system which has been in effect for years on workmen's compensation insurance. Filings already have been approved in New York and New Hampshire, others are being considered in Virginia and Texas, and eventually filings will be made in every state, he said. Under the plan, he explained, risks developing more than \$5,000 a year in premium would be allowed if they wished to elect a retrospective rating.

Denies Plan Discriminatory

In reply to a question from Commissioner Check, Mr. Cahill denied that the discount plan would effect any discrimination against smaller risks when rates are being determined. He explained that most of the savings in premium costs would come out of agents' commissions and other production posts, so that it would not affect the rate-making structure.

S. G. Ostot of Raleigh, executive secretary of N. C. Assn. of Insurance Agents, told the commissioner that members of his association approved the plan unanimously in regional meetings last fall, although they realized it would mean a reduction in commissions. "Our agents took the position," he said, "that they could not justify the present commission costs on large risks when it doesn't cost the agent as much proportionately to service large risks as smaller ones."

Mr. Cahill explained, too, that if premium costs are excessive, large risks tend to seek insurance in foreign markets or to enter the self insurance field. He asked that the filing become effective on April 1.

Mr. Check took the request under consideration.

Five Insurance Men Are to Be SS Witnesses

WASHINGTON—Besides Judd C. Benson of Cincinnati, president of National Assn. of Life Underwriters, and S. Kendrick Guernsey, Life Insurers Conference, scheduled to testify Feb. 24 on social security legislation before the Senate finance committee, other insurance witnesses announced include:

March 2, E. H. O'Connor, managing director Insurance Economics Society, and John H. Miller, vice-president Monarch Life, Springfield, Mass.

March 6, William E. Jones, Northwestern Mutual Life.

Hearings are scheduled to March 23.

Named to Publicity Staff

Edwin M. Bronner, former publicity executive for National Assn. of Manufacturers and American Cancer Society, has been appointed assistant to the public relations manager of the Assn. of Casualty & Surety Companies. He will handle magazine, newspaper and radio publicity for the accident prevention department.

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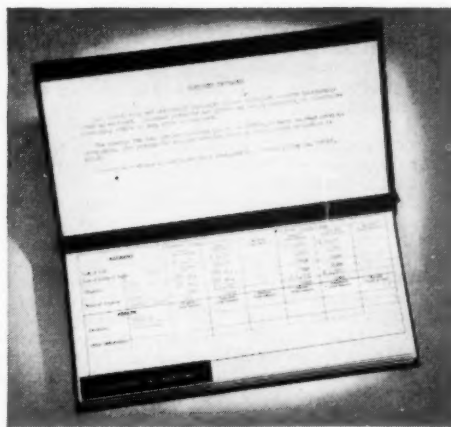
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Fully opened, Plandex is a visible record, indexed to show at a glance each form of coverage included in the client's personal insurance program. Information on cards is visible through transparent pockets.



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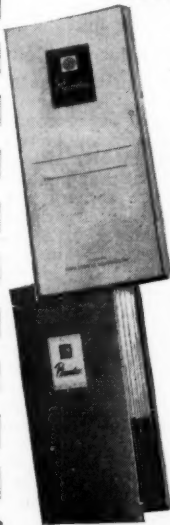
Each card contains a comparison of the insurance carried with the insurance recommended to give the client the protection he needs. Sufficient space also is provided on each card for special notes and comments.



IT'S A POLICY CONTAINER

The insured's Casualty, Fire and Marine policies are inserted in the transparent pockets. Plandex expands to suit each case and even when filled, will remain flat when closed. Plandex fits any safe deposit box.

The Plandex Guide Companion Booklet to Plandex



is a 32-page booklet which becomes the agent's copy and complete file of each Plandex case completed. It contains a brief questionnaire, policy receipt form, duplicates of all coverage cards, analysis checking points for each line of insurance, space for quotations and notes, a check list of all forms of personal insurance and follow-up slips for listing all data necessary for issuing policies.

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Group Covers Get Going Over From All Angles at Chicago

The more than 200 company representatives attending the group committee meeting of H. & A. Underwriters Conference last week at Chicago were given two days of intensive training on how to handle group business in competition with state compulsory plans, and how to establish business elsewhere that might have the effect of warding off state legislation.

Experience of the companies in those states with cash sickness laws was given in detail, and the meeting was closed with a panel discussion on cases of less than 25 lives. In between, nearly every phase of group A. & H. of current interest got a going over. The first morning session was reported last week.

First speaker the second morning was E. H. O'Connor, managing director Insurance Economics Society. Mr. O'Connor reviewed the status of cash sickness programs in several states, with particular reference to Washington, New York, New Jersey and California. Although the New York law does not become effective until next July, Mr. O'Connor said that several bills to amend and expand it have already been introduced. He remarked that if the law is broadened materially the employer will have to pay the additional cost with the result that corporations having their principal place or only office in New York will find themselves at a disadvantage with those domiciled outside of New York state because of the heavy burden of operating costs.

F. M. Walters, A. & H. superintendent

of General Accident, spoke on student coverage, dividing his topic into all student activities and sports only. Mr. Walters said that it seems clear that higher rates must be charged for the sports only coverage and he also advocated an increase on student activities. He urged strongly that the companies writing sports only use the form of coverage with \$5 to \$10 deductibles, saying that when there is this loss participation, the experience is notably better. It is best to require a percentage of participation of the student body, say from 50% down to 25%. One speaker remarked that football claims under the sports only coverage being issued by his company accounted for 50% of all losses.

Trade Association Groups

The writing of group insurance through trade associations was the chief feature of the session. A panel of three speakers discussed the desirability of this class of business from the sales, underwriting and administrative standpoints. C. R. Ashman, administration manager of Lincoln National Life, propounded a number of underwriting questions such as: What is the strength and nature of the organization? How old? What other benefits are in existence? Is the insurance program incidental? What is the geographical distribution? Is there a general and widespread interest? Is the association willing to pay most of the cost? Can the coverage be terminated at age 65?

Mr. Ashman said that personal solicitation for such business is almost a must and that the experience of his own company has been good although better with clerical than with industrial groups.

K. M. Briegal, A. & H. supervisor Lumbermen's Mutual Casualty, said that his company is not interested in groups composed of professors, doctors, lawyers or school teachers because individual premium collecting is involved. Such groups show a disposition to want high benefits and payments of long duration. Mr. Briegal said that the underwriting requires careful attention to state laws which are frequently in conflict and that it is best to use a special master policy and certificates. In his opinion the case is more attractive where the employer pays the entire premium. Mr. Briegal's company handles such cases by mail through the trade association secretary, although a representative of Lumber-

men appears at the annual meetings of the insured associations. He commented that the turnover of business in small associations is heavy so it is wise to have the association secretary send out a bulletin over his signature at fairly frequent intervals. Mr. Briegal made it clear that his company does not pay the secretary a fee for handling the insurance details but described him as a key figure in all such cases, Lumbermen's permitting him to pay claims using the company draft book. Mr. Briegal predicted much stiffer competition for this class of business.

Meeting State Rulings

W. A. Hollister, group specialist of Hardware Mutual Casualty, said that the handling of trade association group business posed special underwriting and administrative problems—that the basic one is full compliance with conflicting state laws. The practice of his company has been to resolve difficulties by personal contacts with representatives of the insurance departments, the feeling being that the rulings and interpretations of laws are sometimes as important as the statutes themselves. Mr. Hollister said it is best to require that 75% of employees participate.

Responding to questions from the floor, Mr. Hollister said it costs 3% more of the premium to handle group trade association business than regular employer-employee group cases.

P. G. Korn, vice-president National Casualty, made an "off the record" talk entitled "Collective Bargaining in the Group Picture." The principal factor in working out such cases he said was "Who is to control the insurance plan, management or labor?" Mr. Korn said that labor demands a voice in the selection of the plan but that always in negotiations the real battle is for the control of the plan. The trend is for management to pay all or the larger part of the premium and both labor and management not infrequently make their selection from proposals submitted from five to 10 companies. Mr. Korn's chief contention was that it is of primary importance for the insurance carrier to serve both management and labor and to provide both with satisfactory coverage, in this way keeping such business within the scope of private carriers and away from the government plans. His recent experience, Mr. Korn remarked, has convinced him that labor will go along with private carriers.

During the question period following Mr. Korn's talk, one speaker said that where the insurance plan is union controlled and dominated, it often results in an insistence on many claims being paid that would otherwise be denied.

It was also pointed out that usually new officers are elected by the unions each year and as a new administration takes over it often presses for a liberalization of the existing arrangements, changes and the inclusion of bad features. During the negotiations prior to the writing of these cases, labor often sets up a demand that management contribute to a trust fund in which labor is to have an equal voice, but from which management cannot recover any funds that are deposited.

Several speakers spoke out against insurance company representatives getting "in the middle" at the bargaining table and said it is difficult, if not impossible, for the insurance company to be on both sides of the fence. An interesting observation was to the effect that the progress of negotiations is much more difficult where the CIO union is involved. Sometimes complete agreement is reached and then the CIO will bring in someone from the CIO headquarters and will either suggest that the whole arrangement be thrown out or that a different one be evolved. It seemed to be the general opinion that the role of the insurance company is to indicate how agreements may be drawn up without actually writing the agreements or becoming involved.

Billedward Howland, manager accident and health department, Mutual Implement & Hardware Insurance Co., brought the session to a close with his review of hospital admission plans.

Review Medical Plans

Wednesday afternoon was given over to a discussion of state medical plans and a detailed account of how the companies handle groups of less than 25 on either a true group or franchise basis.

Emerson L. Mitchell, district supervisor of Provident Life & Accident, remarked that the designs for medical care plans are beginning to take a pattern. In setting up a medical plan with the doctors, the three major problems are public acceptance, doctor acceptance and insurance company acceptance.

There is a wide difference between what is charged for medical and surgical care in the various states. The main objective of the plans must be to eliminate catastrophic medical costs for about 70% of the population at a price that is within range of the average household.

Doctors who specialize have in some instances reached the extreme in cost. These charges have made the theory of social medicine easier to sell the public and when combined with the high cost of drugs and hospital care and X-ray and special services, the insurance companies are on the spot to provide adequate coverage. The plan must be devised to take in the doctor's viewpoint and satisfy his needs. Mr. Mitchell pointed out that the doctor has invested many years and a great deal of money in preparing himself for practice, and the plan must give him his fair return.

Must Be Salable for All Companies

Further, the plan must be salable not only by some of the larger companies but by practically every company writing in a given area. The Tennessee plan, according to Mr. Mitchell, meets these requirements and already more than 70,000 wage earners and dependents have been insured by the 18 companies participating.

The Tennessee program was worked out by the companies in cooperation with the doctors and more than 1,600 have joined. Participating physicians have agreed to accept the surgical fee schedule as payment in full for services rendered to individuals without dependents whose incomes do not exceed \$2,400, and to those with dependents whose aggregate family income is not more than \$3,600. These classifications provide protection for about 70% of the state's population, but the surgeons are not required to accept fees in the schedule as payment in full.

Participating in an unusually frank discussion of handling small groups

(CONTINUED ON PAGE 33)

CASUALTY FIELDMAN — INDIANA

There is a fine opportunity in an old well established stock insurance organization (writing fire and casualty) for a man capable of producing casualty business in the State of Indiana. Some knowledge of the fire business would be a helpful asset but is not essential.

You would cover the State of Indiana out of Indianapolis.

In your application please state your training, experience, marital status, etc. and we will arrange for confidential interview. Address Y-54, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

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XUM

NEWS OF THE CASUALTY COMPANIES

Am. Auto Group Premiums Exceed \$61 Million

The combined premium income of American Automobile, American Auto Fire and Associated Indemnity in 1949 was \$61,259,885, which was an increase of \$2,795,432.

Assets of American Automobile were \$64,170,480, which is an increase of \$4,142,040 and surplus to policyholders was \$20,924,377, increase of \$704,422. Assets of the fire company were up \$3,747,121 and surplus was higher by \$662,608. Assets of Associated Indemnity were down \$368,100 and surplus was up \$430,102.

The combined premiums earned of the three companies were \$58,864,365. The ratio of losses and loss expenses incurred was 55.8; combined expense and loss ratio was 92, giving an underwriting gain of \$3,939,181.

American Automobile commenced making some investments in equities last year. Previously for the past several years American Automobile's assets have consisted entirely of cash and government bonds. As of Dec. 31, 1949, there is shown \$1,454,000 common stocks and \$110,500 preferred.

Western Group Shows Gains

Western Casualty & Surety and Western Fire registered further important gains in 1949. Combined net premiums were \$16,608,950, a gain of \$2,733,635 over 1948.

The casualty company had a statutory underwriting profit of \$369,202 after adding \$742,091 to unearned premiums, and surplus increased \$686,380 after the payment of \$180,000 in

dividends. The fire company had a statutory underwriting profit of \$342,968 after adding \$985,293 to unearned premiums, and made a gain of \$1,646,480 in assets and \$406,712 in surplus.

Kroger Plan for Insurance Unit Told

Capitalization of Manufacturers & Merchants Indemnity now consists of 10,500 preferred shares, all owned by the Kroger Co.; 20,000 common shares owned by the Kroger Co. and 10,000 owned by directors, officers and executives of Kroger and of M. of M.

Stockholders of Kroger have been asked to adopt a resolution to the effect that the action of the directors of Kroger in waiving the preemptive rights of Kroger to purchase 10,000 additional common shares of M. & M. Indemnity shall be approved and ratified.

Reason for Change

The management states that due to the continuing growth of M. & M. at the end of 1949 additional capital of about \$1½ million was needed. Accordingly on Dec. 23, M. & M. sold to Kroger, 2500 shares of \$100 par, 5% cumulative preferred at \$100 per share, and to a group of 68 directors, officers and executives of Kroger and M. & M., 10,000 shares of \$5 par common stock at approximately book value which was figured to be \$27.50 per share. The book value was determined by accounting methods prescribed by the Ohio insurance superintendent.

The directors concluded it would be to the best interests of Kroger to have a substantial amount of common stock of M. & M. owned by officers and executives of Kroger and offi M. & M. Hence the board authorized the purchase of the additional preferred shares and

waived Kroger's preemptive right to acquire the additional 10,000 common shares.

Joseph B. Hall, president of Kroger and of M. & M., acquired 1,775 shares; Donald M. Wood of the Childs & Wood insurance agency of Chicago, who is a director of Kroger and chairman of the executive committee of M. & M., acquired 1,000 shares as did also Edward J. Stoddard, vice-president and general manager of M. & M. Joseph Bappert and Jacob E. Davis, vice-presidents of Kroger each got 400 shares; John M. Lockhart, vice-president, got 200, John H. Sadler, secretary and Frank M. Grieme, treasurer, 100 shares.

U.S.F.&G. Maintains Same Dividend After Stock Boost

U. S. F. & G. has declared the regular quarterly dividend of 50 cents a share, payable April 14 to stock of record March 27 on the 1,400,000 shares now outstanding as a result of the issuance of 100,000 additional shares as a stock dividend and the sale of 300,000 more under subscription rights.

Franklin Casualty Licensed

Franklin Casualty of Tulsa has been licensed to write casualty automobile coverage, workmen's compensation, and kindred lines in Oklahoma. It has \$50,000 capital and \$50,000 surplus. Ben Franklin is president; J. D. Finegan, vice-president, and James P. Roberts, secretary. Offices have been established at 1424 South Boston, Tulsa.

Deck Elected Treasurer

John W. Deck, claim manager, has been elected treasurer of Central Mutual Casualty of Kansas City. The company has recently entered Texas and Oklahoma.

Stanke Is Now President

V. J. Stanke has been elected president of National Auto of Lincoln, Neb. This company was licensed just about a year ago and the first president was Eno Gordon of the Eno local agency of Lincoln.

Everton Johnston of the North Side Agency of Lincoln continues as vice-president, and William A. Malone of the Eno agency continues as secretary. Hyman Polsky was elected general counsel. The company expects to enter additional states.

Surplus in the following company reports means surplus to policyholders.
American General, Tex.—Assets, \$10,622,073; incr., \$1,417,979; unearned prem., \$3,744,788; loss res., \$1,602,133; capital, \$1,500,000; surplus, \$4,663,889, incr., \$924,949.

| | Prem. | Net | Losses | Paid |
|-------------------------|-------------|-----|-------------|------|
| Group Hosp. | \$ 1,774 | | \$ 1,763 | |
| Auto liability | 620,732 | | 175,904 | |
| Other liability | 193,072 | | 53,476 | |
| Workmen's comp. | 1,374,717 | | 795,721 | |
| Fidelity | 18,758 | | —1,233 | |
| Surety | 292,655 | | 589 | |
| Glass | 27,136 | | 19,080 | |
| Burglary & theft | 36,144 | | 10,732 | |
| Auto prop. damage | 321,031 | | 140,830 | |
| Auto collision | 928,196 | | 285,259 | |
| Other P.D. & coll. | 75,250 | | 9,343 | |
| Other auto | 420,591 | | 135,479 | |
| Fire | 589,092 | | 225,494 | |
| Ext. cover | 358,891 | | 132,899 | |
| Tornado-wind. | 509 | | 175 | |
| Riot | 6,679 | | —638 | |
| Earthquake | 90 | | | |
| Ocean marine | 6,329 | | 1,994 | |
| Inland marine | 199,433 | | 83,815 | |
| Aircraft | 30 | | | |
| Totals | \$5,471,118 | | \$2,070,687 | |

Central National, Omaha—Assets, \$5,131,374; incr., \$2,284,783; unearned prem., \$3,364,288; loss res., \$526,507; capital, \$300,000; surplus, \$632,609, incr., \$131,839.
A. & H. \$ 258,362 \$ 51,186
Auto liability

Craftsman — Assets, \$890,401; incr., \$117,627; unearned prem., \$172,998; loss res., \$166,551; capital, \$100,000; surplus, \$374,899, incr., \$56,538.

| | Net | Paid |
|-----------------------|-------------|------------|
| Prem. | Losses | |
| A. & H. | \$1,921,263 | \$ 863,302 |
| Group A. & H. | 19,280 | 14,665 |
| Non-can. A. & H. | 28,224 | 13,167 |
| Totals | \$1,968,767 | \$ 891,135 |

Detroit Auto. Inter-Insur. Exchange—Assets, \$26,045,533; incr., \$5,532,392; unearned prem., \$8,737,849; loss res., \$6,855,399; surplus, \$8,502,284, incr., \$2,929,577.
Auto liability

| | Net | Paid |
|-------------------------|--------------|-------------|
| Prem. | Losses | |
| Auto liability | \$4,734,060 | \$1,504,209 |
| Auto prop. damage | 3,241,331 | 1,871,095 |
| Auto collision | 6,503,291 | 2,852,051 |
| Other auto | 2,698,805 | 784,208 |
| Totals | \$17,177,487 | \$7,011,564 |

Farmers' Mutual Auto. Wis.—Assets, \$12,335,487; incr., \$2,791,059; unearned prem., \$3,068,707; loss res., \$4,628,076; Guar. fund, \$750,000; surplus, \$4,102,822, incr., \$1,336,912.
Auto liability

| | Net | Paid |
|-------------------------|-------------|-------------|
| Prem. | Losses | |
| Auto liability | \$4,424,120 | \$1,503,147 |
| Other liability | 112,344 | 29,993 |
| Burglary & theft | 60,027 | 18,276 |
| Auto prop. damage | 1,655,621 | 837,721 |
| Auto collision | 1,779,206 | 598,065 |
| Other P.D. & coll. | 34,896 | 9,006 |
| Other auto | 1,060,612 | 315,071 |
| Totals | \$9,126,828 | \$3,311,372 |

Fidelity Mutual, Ind.—Assets, \$1,980,452; incr., \$425,616; unearned prem., \$805,105; loss res., \$526,474; surplus, \$517,392, incr., \$129,650.
Auto liability

| | Net | Paid |
|-------------------------|-------------|------------|
| Prem. | Losses | |
| Auto liability | \$ 566,563 | \$ 161,377 |
| Auto prop. damage | 383,164 | 131,846 |
| Auto collision | 561,763 | 179,309 |
| Other auto | 230,789 | 70,678 |
| Totals | \$1,742,279 | \$ 543,212 |

Frankenmuth Mutual Auto—Assets, \$1,677,575; incr., \$404,049; unearned prem., \$659,289; loss res., \$218,295; surplus, \$741,727, incr., \$233,477.
Auto liability

| | Net | Paid |
|-------------------------|-------------|------------|
| Prem. | Losses | |
| Auto liability | \$ 293,857 | \$ 119,141 |
| Passenger cover | 52,955 | 21,099 |
| Windstorm | | 1,190 |
| Glass | 1,815 | 1,203 |
| Theft | 60,496 | 8,223 |
| Road service | 14,537 | 6,625 |
| Comprehensive | 34,313 | 23,709 |
| Auto prop. damage | 279,833 | 139,336 |
| Auto collision | 488,859 | 236,024 |
| Fire | 73,799 | 11,375 |
| Totals | \$1,300,464 | \$ 570,925 |

General Cas., Wis.—Assets, \$8,240,870, incr., \$1,423,067; unearned prem., \$2,829,439; loss res., \$2,513,015; capital, \$500,000; surplus, \$2,080,697, incr., \$576,740.
Accident

| | Net | Paid |
|-------------------------|-------------|-------------|
| Prem. | Losses | |
| Accident | \$ 12,932 | \$ 5,393 |
| Health | 10,964 | 6,097 |
| Non-can. A. & H. | | 1,200 |
| Auto liability | 2,396,904 | 812,278 |
| Other liability | 287,263 | 33,020 |
| Glass | 38,452 | 12,088 |
| Burglary & theft | 117,724 | 22,347 |
| Auto prop. damage | 1,288,510 | 476,215 |
| Auto collision | 1,116,405 | 395,114 |
| Other P.D. & coll. | 52,409 | 15,582 |
| Other auto | 672,691 | 176,281 |
| Totals | \$5,994,254 | \$1,955,630 |

Government Employees—Assets, \$9,181,814, incr., \$2,169,001; unearned prem., \$2,512,002; loss res., \$1,739,054; capital, \$600,000; surplus, \$2,872,020, incr., \$198,907.
Auto liability

| | Net | Paid |
|-------------------------|-------------|-------------|
| Prem. | Losses | |
| Auto liability | \$2,110,546 | \$ 770,649 |
| Auto prop. damage | 1,250,333 | 557,857 |
| Auto Collision | 2,313,349 | 870,806 |
| Other auto | 940,741 | 334,335 |
| Totals | \$6,614,969 | \$2,533,648 |

Great Central, Peoria—Assets, \$1,652,363, incr., \$112,717; unearned prem., \$388,062; loss res., \$134,204; capital, \$250,000; surplus, \$402,744, incr., \$33,655.
Burglary & theft

| | Net | Paid |
|------------------------|-------------|------------|
| Prem. | Losses | |
| Burglary & theft | \$2,547,676 | \$ 769,287 |

Hardware Mutual Cas.—Assets, \$40,852,629, incr., \$4,081,492; unearned prem., \$11,831,080; loss res., \$17,649,483; surplus, \$6,804,123, incr., \$634,814.
Accident

| | Net | Paid |
|-------------------------|--------------|--------------|
| Prem. | Losses | |
| Accident | \$ 63,292 | \$ 30,739 |
| Health | 402,460 | 247,509 |
| Group A. & H. | 1,687,567 | 1,172,171 |
| Auto liability | 9,540,105 | 3,706,657 |
| Other liability | 1,371,984 | 408,612 |
| Workmen's comp. | 9,342,481 | 4,221,308 |
| Glass | 357,165 | 162,196 |
| Burglary & theft | 345,578 | 133,751 |
| Auto prop. damage | 4,825,737 | 2,069,796 |
| Auto collision | 4,201,582 | 1,301,309 |
| Other P.D. & coll. | 384,906 | 114,690 |
| Excess reins. | 264,727 | 230,456 |
| Totals | \$32,787,584 | \$13,799,127 |

Hawkeye Casualty—Assets, \$5,199,904, incr., \$494,049; unearned prem., \$1,799,087; loss res., \$1,817,037; capital, \$500,990; surplus, \$1,028,776, incr., \$122,222.
Accident

| | Net | Paid |
|------------------------|----------|---------|
| Prem. | Losses | |
| Accident | \$ 1,235 | \$ 13 |
| Auto liability | 978,692 | 371,434 |
| Other liability | 269,927 | 26,946 |
| Workmen's comp. | 681,491 | 239,383 |
| Fidelity | 6,508 | — |
| Surety | 135,445 | 7,452 |
| Glass | 30,617 | 11,830 |
| Burglary & theft | 52,813 | 18,682 |
| Cargo | 10,830 | 1,650 |

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CHICAGO 4, ILL.

| | Net | Paid |
|---|--------------|-------------|
| | Premiums | Losses |
| Auto prop. damage. | 670,632 | 296,523 |
| Auto collision | 679,264 | 243,487 |
| Other P.D. & coll. | 92,062 | 12,548 |
| Other auto | 362,523 | 104,184 |
| Totals | \$3,972,039 | \$1,334,095 |
| Highway Underwriters, Tex.—Assets, | | |
| \$2,320,603, incr., \$344,955; unearned prem., \$1,361,340; loss res., \$951,290; surplus, \$590,307, incr., \$101,962. | | |
| Auto liability | 752,349 | 135,670 |
| Workmen's comp. | 198,868 | 144,045 |
| Surety | 3,938 | 184 |
| Auto prop. damage. | 324,228 | 108,734 |
| Auto collision | 10,731 | 2,585 |
| Other auto | 4,655 | 809 |
| Other cargo | 67,437 | 20,105 |
| Totals | \$1,362,206 | \$412,132 |
| Manufacturers & Merchants Indem.— | | |
| Assets, \$6,306,404, incr., \$1,807,235; unearned prem., \$3,097,263; loss res., \$1,059,511; capital, \$1,200,000; surplus, \$1,887,726, incr., \$559,646. | | |
| Auto liability | 740,221 | 230,136 |
| Other liability | 433,639 | 147,771 |
| Workmen's comp. | 305,075 | 292,663 |
| Auto prop. damage. | 452,987 | 210,056 |
| Auto collision | 2,303,341 | 958,433 |
| Other P.D. & coll. | 29,340 | 5,954 |
| Other auto | 744,213 | 169,476 |
| Totals | \$5,008,817 | \$2,014,489 |
| Mass. Casualty—Assets, \$852,343, incr., | | |
| \$153,392; unearned prem., \$225,329; loss res., \$120,500; capital, \$100,000; surplus, \$291,956, incr., \$41,375. | | |
| A. & H. | 157,474 | 80,018 |
| Non-can. A. & H. | 651,325 | 165,095 |
| Totals | \$808,799 | \$245,113 |
| Northwest Casualty—Assets, \$10,446,- | | |
| 627, incr., \$1,515,514; unearned prem., \$3,851,375; loss res., \$2,749,550; capital, \$1,300,000; surplus, \$3,302,797, incr., \$523,580. | | |
| Group A. & H. | 38,225 | 37,127 |
| Auto liability | 2,369,508 | 673,396 |
| Other liability | 566,974 | 119,671 |
| Surety | 8,595 | |
| Glass | 78,461 | 32,144 |
| Burglary & theft | 165,873 | 66,662 |
| Auto prop. damage | 1,553,553 | 545,523 |
| Auto collision | 1,863,176 | 504,349 |
| Other P.D. & coll. | 126,166 | 44,862 |
| Other auto | 995,086 | 261,356 |
| Totals | \$7,765,620 | \$2,285,094 |
| Pa. Threshermen & Farmers' Mutual— | | |
| Assets, \$18,731,123, incr., \$2,355,798; unearned prem., \$4,726,941; loss res., \$8,089,059; surplus, \$5,051,655, incr., \$400,560. | | |
| Accident | 25,562 | 10,995 |
| Auto liability | 3,925,696 | 1,247,010 |
| Other liability | 362,235 | 27,853 |
| Workmen's comp. | 4,496,501 | 2,046,517 |
| Auto prop. damage | 2,205,167 | 1,146,405 |
| Auto collision | 3,315 | 2,081 |
| Other P.D. & coll. | 150,187 | 37,721 |
| Other auto | 1,056 | |
| Totals | \$11,169,716 | \$4,518,585 |
| Ohio Casualty—Assets, \$34,556,171, | | |
| incr., \$6,122,119; unearned prem., \$14,452,398; loss res., \$9,727,877; capital, \$1,500,000; surplus, \$8,086,892, incr., \$1,639,907. | | |
| Accident | 10,318 | 4,001 |
| Auto liability | 9,427,111 | 2,837,581 |
| Other liability | 1,727,961 | 299,948 |
| Workmen's comp. | 1,471,024 | 493,531 |
| Fidelity | 501,085 | 56,329 |
| Surety | 589,853 | 14,983 |
| Glass | 431,265 | 136,667 |
| Burglary & theft | 876,085 | 259,777 |
| Auto fire, theft | 477,834 | 95,147 |
| Auto prop. damage | 5,985,674 | 2,271,349 |
| Auto collision | 4,526,131 | 1,360,448 |
| Other P.D. & coll. | 448,898 | 72,252 |
| Other auto | 23,556 | 3,648 |
| Auto comp. | 1,860,506 | 514,778 |
| Totals | \$28,348,310 | \$8,420,447 |
| State Auto, Indiana—Assets, \$12,495,- | | |
| 345, incr., \$1,876,775; unearned prem., \$3,945,205; loss res., \$2,601,365; surplus, \$5,116,173, incr., \$1,022,222. | | |
| Auto liability | \$2,544,326 | \$1,171,783 |
| Auto prop. damage | 1,825,746 | 1,153,958 |
| Auto collision | 2,636,301 | 1,148,603 |
| Other auto | 977,361 | 361,733 |
| Misc. auto | 11,354 | 2,234 |
| Totals | \$7,995,091 | \$3,838,315 |
| State Auto Mutual, O.—Assets, \$20,379,- | | |
| 922, incr., \$2,681,841; unearned prem., \$6,610,990; loss res., \$4,313,422; surplus, \$8,660,498, incr., \$1,061,329. | | |
| Auto medical | 550,562 | 198,628 |
| Road service | 20,664 | 5,704 |
| Auto fire | 183,727 | 29,008 |
| Auto theft | 74,611 | 10,634 |
| Auto liability | 3,684,136 | 1,467,956 |
| Other liability | 213,788 | 18,753 |
| Cargo | 5,646 | 706 |
| Fidelity | 2,022 | |
| Wind | 9,281 | 1,756 |
| Auto glass | 177 | —213 |
| Burglary & theft | 68,897 | 11,654 |
| Glass | 34,148 | 13,701 |
| Comprehensive | 1,428,309 | 350,599 |
| Auto prop. damage | 2,962,163 | 1,218,802 |
| Auto collision | 3,647,091 | 1,080,249 |

| | Net | Paid |
|---|--------------|-------------|
| | Premiums | Losses |
| Other P.D. & coll. | 48,172 | 12,390 |
| Misc. | 4,416 | |
| Totals | \$12,937,810 | \$4,520,327 |
| Truck Exchange, Cal.—Assets, \$13,- | | |
| 120,020, incr., \$2,760,857; unearned prem., \$2,660,896; loss res., \$4,924,449; surplus, \$3,882,602, incr., \$1,163,477. | | |
| Auto liability | \$3,186,933 | \$1,287,333 |
| Other liability | 358,428 | 100,801 |
| Workmen's comp. | 1,496,872 | 562,498 |
| Cargo | 495,909 | 241,167 |
| Auto prop. damage | 2,069,652 | 1,077,337 |
| Auto collision | 1,820,069 | 746,608 |
| Other P.D. & coll. | 34,263 | 25,577 |
| Other auto | 1,279,036 | 307,635 |
| Totals | \$10,741,162 | \$4,348,956 |
| Virginia Surety—Assets, \$2,390,854; | | |
| incr., \$525,369; unearned prem., \$453,404; loss res., \$928,354; capital, \$300,000; surplus, \$761,781, incr., \$157,976. | | |
| Auto liability | \$981,007 | \$398,623 |
| Surety | 164 | |
| Auto prop. damage | 584,794 | 211,497 |
| Totals | \$1,565,965 | \$610,120 |
| West American—Assets, \$2,635,627, | | |
| incr., \$398,043; unearned prem., \$584,062; loss res., \$391,416; capital, \$600,000; surplus, \$1,448,601, incr., \$65,341. | | |
| Auto liability | \$353,172 | \$79,598 |
| Other liability | 42,241 | 4,864 |
| Workmen's comp. | 91,426 | 21,505 |
| Fidelity | 3,639 | 191 |
| Surety | 2,763 | 125 |
| Glass | 16,739 | 4,981 |

| | Net | Paid |
|--|--------------|-------------|
| | Premiums | Losses |
| Burglary & theft | 24,404 | 11,182 |
| Auto fire, theft | 27,835 | 3,805 |
| Auto prop. damage | 216,955 | 77,684 |
| Auto collision | 253,344 | 83,719 |
| Other P.D. & coll. | 12,827 | 1,172 |
| Other auto | 619 | 46 |
| Auto comp. | 97,175 | 29,868 |
| Totals | \$1,143,146 | \$318,748 |
| Western Casualty—Assets, \$15,393,097, | | |
| incr., \$2,077,067; unearned prem., \$5,049,770; loss res., \$5,633,914; capital, \$1,000,000; surplus, \$3,528,201, incr., \$688,379. | | |
| Accident | \$39,120 | \$11,106 |
| Health | 4,289 | 1,863 |
| Hospitalization | 71,223 | 31,882 |
| Auto liability | 4,075,402 | 1,589,878 |
| Other liability | 1,222,438 | 297,259 |
| Workmen's comp. | 1,805,872 | 860,266 |
| Fidelity | 79,672 | 13,781 |
| Surety | 460,270 | 72,870 |
| Glass | 247,644 | 85,712 |
| Burglary & theft | 225,733 | 72,513 |
| Auto prop. damage | 2,399,449 | 1,016,538 |
| Other P.D. & coll. | 286,146 | 53,131 |
| Totals | \$10,917,258 | \$4,106,798 |
| World, Omaha—Assets, \$7,043,540, incr., | | |
| \$1,338,965; unearned prem., \$1,552,847; loss res., \$791,788; surplus, \$1,304,535, incr., \$302,234. | | |
| Accident | \$56,682 | \$23,269 |
| A. & H. | 6,135,021 | 2,046,024 |
| Group A. & H. | 246,976 | 180,569 |
| Non-can. A. & H. | 14,437 | 3,562 |
| Hosp. & medical | 1,086,025 | 339,578 |
| Totals | \$7,539,143 | \$2,593,002 |

Company Men Appear to Oppose UCD Bill in Ohio

COLUMBUS—Edmund B. Whittaker, vice-president, and Frank Walsh, director of group insurance relations of Prudential, testified before the Ohio disability unemployment insurance commission Monday. Both urged that no action be taken on a bill in Ohio until time has been given to correct defects in laws now in effect in other states. Provisions of laws now in force in Rhode Island, New York, New Jersey and California were explained. It was stated that 17 other states considered such measures within the last two years but only four adopted them. Rhode Island is the only state in which benefits have been paid for more than three years. Jacob Clayman, secretary-treasurer of the Ohio CIO Council, and Albert Pike, Jr., speaking for Life Insurance Assn. of America and American Life Convention, also appeared. The CIO is in favor of a state monopoly bill, in which the employer makes all the payments.

General Accident has rejoined the Bureau of A. & H. Underwriters.

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Every agent who joins Hawkeye-Security-Industrial's ever growing agent family gets the most in home office co-operation . . . the kind of whole-hearted co-operation that builds more casualty and fire business.

Hawkeye-Security-Industrial are proud of their prompt and equitable settlement of claims . . . the fact that there is no red tape in dealing with agents . . . that every sales aid is given the agent and a sincere group of field representatives are always at the agent's service.

All these facts add up to the reasons why "the trend is to Hawkeye-Security-Industrial."



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CHANGES IN CASUALTY FIELD

American Cas. Promotes Seelig

American Casualty has appointed Arthur F. Seelig as vice-president in charge of casualty underwriting at the home office for all lines including A. & H.



A. F. Seelig

Mr. Seelig started in the business in 1920 with New York City Rating Office and later was with the National Bureau. He joined Norwich Union Indemnity as superintendent of casualty underwriting, and later was casualty department manager of Standard Surety. More recently he has been with Royal Indemnity as superintendent of the liability department.

Robert K. Thompson has been promoted to production manager of the fidelity and surety department. He was with Aetna Casualty, Massachusetts Bonding and National Surety before joining American Casualty at the home office.

On Republic Ind. Board

Ted K. Mathers, agency vice-president, and William C. Cook, manager of Ohio Underwriters, a subsidiary, have been elected directors of Republic Indemnity of Columbus.

C. I. Soule Retires

Chester I. Soule, assistant underwriter in the casualty underwriting division, is retiring from Travelers after 36 years' service.

After attending the home office school, he worked in the New York and Boston

branches and in 1917 he returned to the home office in the payroll audit division, later becoming chief examiner. In 1924 he transferred to the casualty underwriting division.

F. & D., American Bonding Promote 7

Edward J. Gorman has been appointed manager at New York for Fidelity & Deposit to succeed Ashby C. Taylor who has been elected second vice-president. The New York office continues under the active direction of G. W. Crist, Jr., vice-president.

Lawrence A. Poole, Jr., and Harry G. Buchman have been named assistant comptrollers. Mr. Poole will continue to serve additionally as head statistician.

New Appointees' Careers

Mr. Gorman is a graduate of Brown University and St. Lawrence University law school. He joined F.&D. in 1935 at New York, and was appointed an assistant manager there in 1939 and associate manager in 1948.

Mr. Poole, a graduate of Franklin & Marshall College, joined F.&D. in 1931. He was appointed head statistician in 1935.

Mr. Buchman also has been with F.&D. for 19 years. Starting as a clerk, he was appointed a travelling auditor in 1940 and after army service he returned and in 1948 was made an assistant auditor.

American Bonding Changes

Donald L. Buckler, first vice-president of American Bonding, has been elected a director of the company.

Ashby C. Taylor and Chauncey R. Beckwith were elected vice-presidents; Herbert N. Schisler was elected comptroller, and Elmer B. McCahan, Jr., John H. Jackson and Franklin W. Sutton were made assistant secretaries. With

the exception of Mr. Taylor, all the new officers had previously been elected to the same position with F.&D.

Mr. Buckler, who is vice-president and manager of the agency department of F.&D., has been with the companies since 1928. Starting as special agent, he advanced to manager at Boston office, and in 1937 was appointed assistant manager of the agency department. He was made associate manager in 1946 and in 1948 was elected first vice president of American Bonding. He is a graduate of the University of Pennsylvania.

K. W. Coleman, Mich. Leader, Leaves Mass. Bonding, for G.A. Post

DETROIT—Kenneth W. Coleman, who recently resigned as manager here for Massachusetts Bonding, is now an associate of Pfalz, McGraw, Michigan managing general agents.

Mr. Coleman has been in the Michigan insurance field more than 25 years. He was with Travelers as assistant manager for 20 years and for the last four years was manager of Massachusetts Bonding. He recently completed a term as president of Michigan Assn. of Casualty of Surety Executives.

Detroit Assn. of Insurance Agents announces his appointment as chairman of its casualty and bonding committee.

Kroger Insurer Promotes Loomis and Donovan

CINCINNATI — Appointment of Harry H. Loomis as sales promotion manager and William J. Donovan as



Harry H. Loomis



W. J. Donovan

sales manager is announced by Manufacturers & Merchants Indemnity. Mr. Loomis has been southeastern department manager at Atlanta and prior to that was manager at Louisville. Mr. Donovan has been manager of the western department at Chicago and served as manager both at Chicago and Detroit. He was formerly for several years with Royal Indemnity at Chicago and Grand Rapids.

Jackman in New Buffalo Post

Willis L. Jackman has joined the Buffalo office of Marsh & McLennan. He has been assistant manager of the casualty department of Travelers at Buffalo.

Mr. Jackman started with Travelers at Indianapolis. He travelled Illinois as a field assistant until 1938 when he was transferred to Detroit. From 1938 to 1941 he was assistant manager of the casualty department there and in 1941 was transferred to Buffalo.

Brown Joins Wichita Agency

Robert W. Brown, formerly of Wichita, but more recently with the Hussey general agency at Topeka and previously with Travelers at Dallas for three years, has joined the Cohen-Steenrod agency of Wichita to head the casualty department. He served in the navy during the war.

Henry Fisher Resigns

Henry Fisher announces his resignation as bond department manager of Fireman's Fund Indemnity at Chicago. He held that position three years and previously for 18 years was in the head

office bond department of Continental Casualty. He is treasurer of Surety Assn. of Chicago. He has made no plans for the future.

Brown, Hubbard Promoted at H. O. of United Pacific

Morris E. Brown has been elected assistant vice-president and Francis B. Hubbard assistant treasurer of United Pacific.

Mr. Brown joined United Pacific in the claim department in 1938 and in 1942 he was named manager of the bond department at Los Angeles. He became assistant secretary in 1946 in charge of production and underwriting of surety at the home office.

Mr. Hubbard started in 1934 in the accounting department and in 1941 became personnel and office manager at the home office. After service in the army he returned to the company and in 1947 became general office supervisor.

Named by Anchor Casualty

Lloyd E. Peterson has been appointed special agent in Nebraska for Anchor Casualty. He has had considerable local agency experience. He is a graduate of the University of Nebraska and was a pilot in the air force during the war.

WANT ADS

SPECIAL AGENTS—One for Kentucky and Tennessee and one for Alabama, Georgia, and South Carolina. Each experienced in Automobile, Public Liability, and Workmen's Compensation and capable of developing the territory. Unusual opportunity for permanence and advancement. State qualifications and experience. Address Y-60, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED
Casualty Claim Adjuster. Western Dept. office of large multiple line group has opening at Chicago for an experienced casualty claim adjuster age 35 to 40. Duties will include adjusting and supervisory work. Our employees know of this ad. Address Y-69, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED
SPECIAL AGENT—One of the largest stock casualty companies has opening for experienced field man to cover Western Pennsylvania and Allegheny County. Our employees know of this ad. Address Y-76, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED
Experienced Payroll Auditor for Minnesota territory. Attractive salary and will furnish car if necessary. State qualifications in first letter. Address Y-73, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

CASUALTY and BOND MAN
Experienced casualty and bond man for progressive indemnity company to supervise Kentucky. Excellent opportunity for right man. Write Y-78, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

ACCIDENT and HEALTH UNDERWRITER
Young man with Accident and Health experience as underwriter by well known large multiple line company for position in San Francisco. Excellent opportunity. Address Y-79, The National Underwriter, 175 West Jackson Blvd., Chicago 4, Ill.

WANTED
Safety Engineer, splendid opportunity, must have City and State elevator tickets, age forty years or younger, state qualifications and educational background, salary open, all Company employees know of this ad. Address Y-81, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

UNUSUAL OPPORTUNITY FOR UNUSUAL MAN

Aggressive, leading multiple line company writing all conventional lines plus unusual coverages not common to other companies has unusual opening for an unusual production man. This man is now probably employed as branch manager, department head, home office agency or top ranking field man whose present connection limits the opportunity for which he is qualified.

To this man we offer an outstanding opportunity in the development of miscellaneous casualty and surety business. The position requires travel, the ability to select and sell new agency appointments, develop present connections and assist in the development of branch offices. This position is not an ordinary production job but one which can lead to an important executive position, with salary commensurate to ability.

Give complete details about business and personal background, salary desired, age in reply. All replies will be strictly confidential. Our own organization knows of this advertisement. Address Y-80, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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REINSURANCE

CONSULTANTS AND INTERMEDIARIES

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Group Problems Well Treated

(CONTINUED FROM PAGE 28)

were A. M. Anderson, Hardware Mutual Casualty; Fred Clark, Lincoln National Life; K. M. Briegal, Lumbermen's Mutual Casualty, and R. C. Knoblock, Washington National, for the group writing companies, and R. L. Paddock, Time; H. C. Pogue, Business Men's Assurance, and E. D. Speer, Great American Reserve, for the franchise companies.

Company Practices Told

This discussion revolved almost entirely around individual company practice in handling smaller cases. The group companies generally agreed that the practice followed is to require the same rules as employed for larger groups, to ask for employer contributions, and a 75% participation for a contributory plan and 100% participation for non-contributory plans.

The problems involved are not unique to the small group, but are merely an intensification of those found in larger cases.

The speakers emphasized that coverage of smaller groups has proven fairly profitable and at the same time provides coverage for that segment of the population about which the cry for social insurance is being raised.

The group companies agreed that some step-up in rates for small groups is probably needed. This would be about 15% above the regular group rate.

It was evident from the discussion that the number of groups of less than 25 currently being written is small. Most of this business so far has been handled by the franchise writing companies, and only a relatively small number so far have taken small groups on a group insurance basis. The interest shown by the members in this class was evidence that many of the companies have plans to enter this line.

Among the problems arising from small groups, the chief one apparently is collections. Employers of less than 25 persons tend to be lax in their book-keeping on occasions, or the person assigned to the work allows the records to become confused. Several of the speakers stressed the importance of keeping up the participation by an annual review of each group case. Insufficient participation after a year or so has been a major cause in collection and poor experience.

Speakers the first afternoon were T. H. Kirkpatrick, Paul Revere Life, on the outlook under the New York law, and W. L. Miller, Northern Life, who discussed the chances of a cash sickness law in Washington. A summation of the day's talks was given by G. H. Hipp, Employers Liability.

Group Activity Feverish Today

(CONTINUED FROM PAGE 25)

peculiar techniques takes time and there is no time or opportunity for doing the training under fire today.

And the great post-steel decision boom in group sales has apparently only begun. A great many employers and labor unions are holding off on their agreements waiting to see what pattern will emerge in the pending United States Steel case. Of course, the U. S. Steel group casualty plans will follow pretty well what the other steel companies have done, but it is felt there will be some unique features which are worth waiting for. Both the CIO steelworkers and U. S. Steel have been proceeding cautiously in selecting carriers for the casualty coverages and in coming to final agreement on what those coverages are to be, because they realize that they

are establishing a precedent. They can't afford to bungle the job.

Meanwhile, three or four of the largest life insurance companies are in constant conference with U. S. Steel and union officials at Pittsburgh. The final settlement, because of its size, may be divided among several insurance companies.

It is certain that this is a year of blood and sweat for the group men, but it will also be a year of reward. Most of them, in addition to drawing salaries, are compensated by production bonuses. Their bonuses will be greater this year. Naturally, there are quite a few personal producers who also will have their take for the year increased mightily by the placing of group. However, many of the largest groups are placed direct by the insurance companies without a commission going to any one. Where a commission is paid on the larger groups, it is scaled down considerably.

Competition Is Unslackened

Despite the fact that it would seem that there is enough group going on the books, so that every company can have its share, there is still plenty of sharp competition on group cases. Competition is the tradition in the group field. Among

the new devices which lately has made its appearance is installing a girl in the office of the employer at the expense of the insurance company to service group insurance. These employees of the insurance company cost the employer nothing, in fact they are worth a great deal to him because they take the burden of servicing the group insurance from him. The insurance companies do not usually install such an employee except in cases of 2,000 lives or better on which there are substantial casualty coverages which require considerable claim service work. This is in the nature of an extra inducement to employers and has unquestionably won its practitioners some business.

Competition is so keen that a number of the precious staffers has had to be assigned to conservation activity. Some of the group insurers are taking this opportunity to win over groups now with other companies.

Federal L. & C. in Wis.

Federal Life & Casualty Company has been admitted to Wisconsin. With the addition of Nebraska and Oklahoma recently, Federal L. & C. is now licensed in 35 states and Washington, D. C.

Am. Surety Surplus Up \$2 Million

American Surety in its new statement reports assets of \$72,319,629, an increase of \$6,320,546. Capital remains at \$7½ million and surplus to policyholders is \$22,012,933, increase \$1,972,778.

Net writings for the year were \$40,034,801, which by design was lower than in 1948. Earned premiums increased more than \$4 million and totaled \$40,285,169.

Consolidated net earnings for the year after provision for federal income taxes were \$1,558,902. The underwriting profit was \$458,741 compared with a loss of \$525,133 for 1948, and the net investment income amounted to \$1,525,160 an increase of \$227,237. American Surety has not written A. & H., but now in order to supply the coverage required under the disability benefits law of New York it contemplates entering this field on a limited scale.

Pacific Coast Fire Loss Assn. devoted the February meeting to a general discussion of current problems.



ONE OF 142 Quality Checks

Good quality safety glass depends upon good quality plastic. That's why we make eighteen separate checks of the ingredients that go into the plastic—then make 43 additional checks of the plastic sheet before it goes to the assembly room. In our check No. 23, for example, each batch of plasticizer is chemically analyzed before being used.

But this is only one of 142 Quality Checks and Controls. All of them are equally important to you and your policyholders—because they assure:

1. Better heat stability
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3. Better strength for safety
4. Better adhesion, glass to plastic

That's why L-O-F Hi-Test is the best Safety Plate Glass you can get—anywhere. Libbey-Owens-Ford Glass Company, 925B Nicholas Building, Toledo 3, Ohio.

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There are two grades of Safety Glass—one made of polished plate glass, the other of sheet or ordinary window glass. Claim agents who are on their toes, when honoring broken glass claims, always specify Safety Plate Glass and look for the L-O-F identifying stencil on each light supplied. That assures the policyholder and your company of getting full value.

ACCIDENT AND HEALTH

Wash. Nat'l Names Three as 2nd V.-P.s

G. Preston Kendall, R. W. Friedner and Roy C. Neuhaus have been promoted to 2nd vice-presidents of Washington National.

Mr. Kendall joined the company in 1931, following graduation from Univer-



R. C. Neuhaus



R. W. Friedner

sity of Illinois. He has been assistant treasurer of the company since 1947. He is a director of the company and of North Shore National Bank of Chicago. He is an army veteran.

Mr. Friedner joined the group department in 1929 and had charge of group in the southwest. In 1939 he went to the home office as assistant secretary in charge of group industrial operations. In 1947 he became secretary to the executive committee.

Mr. Neuhaus joined the company in 1934 and served as group representative and group supervisor for Minnesota. In 1939 he went to the home office as personnel director and purchasing agent. Since 1944 he has been assistant secretary in charge of the casualty record division.

Good Program, Small Crowd at Kansas Sales Congress

Attendance at the sales congress of Kansas Assn. of A. & H. Underwriters at Wichita was somewhat disappointing. The committee headed by Robert R. Tyler of the C. Ray Tyler agency had experimented with a Saturday afternoon session following a luncheon but the time didn't prove popular. Not more than 75 turned out. A good program had been arranged, including Wesley J. A. Jones, Chicago, executive secretary of the International association; James W. First, Washington National, Topeka; Rolf R. Noll, Postal Life & Casualty, Kansas City, and Ralph Hinman, manager of the business protective bureau of the Wichita Chamber of Commerce. All were top-notch speakers and well received. It was Secretary Jones' first visit to the Kansas association.

E. L. Mack, Provident Life & Accident, Kansas president, presided at the luncheon. Special guests included V. B. Aske, Aetna Life, president Wichita General Agents & Managers Assn.; John Kincheloe, Connecticut Mutual, president Wichita Life Underwriters Assn.; and Joe Moddrell, vice-president Wichita Assn. of Insurance Agents. About 25 members of the Leading Producers Round Table were introduced, as were two life members, E. L. Sisk, Business Men's Assurance, and C. Ray Tyler. Certificates are to be presented at the next meeting of the association.

Mr. First emphasized the two most important things in his opinion, in successful selling, based on his 15 years' experience which last year made him the leading personal producer of Washington National. These are "calls on people" and "close."

Mr. Noll, speaking on "Produce or Perish," compared the efforts of the successful salesman to a farmer's procedure. The plowing a farmer does compares with the prospecting of the insurance salesman; the farmer's harvest compares with the salesman's close. All steps in between must be carefully followed in their proper sequence if either is to succeed.

Mr. Jones made a forceful closing talk, reemphasizing the high lights of the preceding talks. He placed much emphasis on personality.

Mr. Hinman spoke of "Self-Regulation in Business" and suggested ways the insurance business could do this to advantage. He cautioned that any person having an unsatisfactory experience with an insurance agent or company would cause a reflection on insurance as a whole.

Mr. Jones left after the meeting for Salt Lake City to conduct an A. & H. sales school at University of Utah.

Inter-Ocean Premiums Are Up 25% in 1949

Inter-Ocean of Cincinnati in its new statement reports assets of \$3,727,256, capital \$500,000, which was an increase of \$200,000 for the year; reserve for contingencies \$696,895 and net surplus \$500,000. Thus the surplus as regards policyholders is \$1,696,895. Premium income was \$5,151,454, which was an increase of better than \$1 million or in excess of 25%.

Mutual Benefit H. & A. Names Four New Officers

OMAHA — Directors of Mutual Benefit H. & A. have named four new officers. They are: H. C. Carden, superintendent of agencies, also to be assistant treasurer; P. E. Horan, a member of the claim and legal departments 22 years, general attorney; D. A. Long, supervisor of H. & A. underwriting department since 1936, chief underwriter; D. J. Schonberg, in charge of research on

policy forms and changes, to be chief statistician.

Mr. Carden has been with Mutual Benefit since 1931. He is in charge of directing the national magazine advertising campaign: "Live Safely, Live Happily." Mr. Long has been with the organization since 1927 and Mr. Schonberg since 1929, when he became supervisor of the statistical department. He is vice-chairman of the statistical committee of H. & A. Underwriters Conference.

Hits Lobbying Role of Federal Security Agency

Dr. R. B. Robins, Democratic national committeeman from Arkansas, has called for two government investigations of alleged lobbying activities of the federal security agency in behalf of socialized medicine in the form of compulsory health insurance.

At the same time Dr. Robins indicated he is drafting a formal protest to William M. Boyle, chairman of the Democratic national committee, charging that "facilities of the committee are being used improperly, and without authorization, to disseminate compulsory health insurance propaganda issued by an as yet unregistered lobbying organization, which calls itself the 'committee for the nation's health.'"

Pa. Blue Shield Increases Medical-Surgical Benefits

Commissioner Malone has approved an increased benefit schedule for Medical Service Assn. of Pennsylvania (Blue Shield) effective April 1. There will be no increase in rates.

An entirely new feature for employed groups is payment for home and office calls in medical cases involving total disability of \$3 per visit starting with the fourth, with not more than 21 in a year. This does not apply to dependents nor individual subscribers.

The period of payment to doctors for medical or osteopathic treatment of in-hospital cases not requiring surgery or obstetrics is increased to 70 days except for mental, tuberculosis and venereal disease cases, which will be limited to 30 days in one year. The present limit for all classes is 21 to 30 days, depending on length of membership. Doctor's fee for patient's first day in hospital is increased from \$5 to \$10 and there is a new allowance of \$10 for one bedside consultation when necessary.

The surgical schedule is increased to \$200 for many major operations, with increased payments for many minor operations. The present limit is \$150 for any operation.

Ontario Congress March 18

Ontario Assn. of A. & H. Underwriters will hold a one-day sales congress at Toronto March 18. Among the speakers will be Superintendent Whitehead of Ontario; Sidney Fields, Massachusetts

Indemnity, Cleveland, chairman Leading Producers Round Table; J. Lance Rumble, Toronto; Richard Caldwell, U. S. Life, past-president of New Jersey A. & H. Assn.; Don Compton, Combined, Chicago, chairman of the speakers bureau of the International association; and Carl A. Ernst, North American L. & C., St. Paul, International association treasurer.

Underwood to N. Y. TDB Self-Insurance Plan Service

William W. Underwood has joined Disability Fund Administrators of New York.

Mr. Underwood, who has been assistant to the president and insurance manager of the William Whitman Co., textile manufacturers, gained his experience in group A. & H. coverages as field supervisor in the accident and life, and group departments of Travelers. During the last year he served with the army in the Pacific.

Disability Fund Administrators furnish employers with services to carry out self-insurance programs under the New York TDB law.

Stumpf Speaks at Atlanta

Atlanta Assn. of A. & H. Underwriters held a special meeting to hear an address by C. B. Stumpf, president of the International association. An open forum followed Mr. Stumpf's talk. A cocktail party and dinner were held in his honor.

Delegations from associations at Augusta, Macon, Savannah and other parts of Georgia were in attendance.

R. I. Blue Cross Ups Benefits

Rhode Island Blue Cross will increase benefits to 550,000 subscribers March 1 at a cost of more than \$500,000 a year. The benefits will include an increase of \$1 for a total \$8 allowance daily for room and board; a \$10 increase to \$15 for maternity benefits; new coverage of infantile paralysis cases due to depletion of state health department funds formerly used for that purpose; and increase to a \$180 maximum in allowance for extra services in non-member hospitals.

Joins Minn. Commercial Men

James C. White has been appointed manager of the business promotion department of Minnesota Commercial Men's and will serve as assistant secretary of the affiliated American Benefit Assn., both of Minneapolis.

Chgo. Women Fete Haskell

The women's division of Chicago Accident & Health Assn. is honoring Miss Margaret Haskell, organizer and first president of the division, at a dinner on Feb. 24. Irene Cada, C. J. Weiller agency, immediate past president, will present a cigarette case and lighter to Miss Haskell.

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Broad protection and automatic extension of coverage under the new Garage Liability policy is surpassed only by the Comprehensive Liability policy. "Shelby" agents sell whichever best "fits the needs" of their clients.

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of Shelby, Ohio

70th
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ILLNESS?

YES, HE CAN, PROVIDED HE SECURES A
NEW AMSTERDAM CASUALTY COMPANY
ACCIDENT & HEALTH POLICY.

SHOW HIM HOW TO OBTAIN IT!!!

New Amsterdam
Casualty Company

BALTIMORE

NEW YORK

FTC Shadow Spreading, Zone 5 Opinion

(CONTINUED FROM PAGE 1)

14. He indicated that he would probably give his approval to the North America filing but he said all interested parties would be welcome at the hearing and would be given an opportunity to be heard.

Premium Receipt Question

On the matter of eliminating premium receipts, it was suggested that this not be done without adequate notification to the assured, with notification with billing that no receipt will be returned unless requested and that a statement that cancelled checks or money order stubs will constitute an adequate receipt. Wherever premiums are received in cash or by an agent other than the home office, receipts should not be eliminated, however.

The rating deputies were quite interested in the filings of National Automobile Underwriters Assn. to make the towing service coverage for which previously there was a charge of \$3, applicable without charge as part of the basic coverage in the comprehensive contract. There was particular interest in how this might affect the underwriting of old cars. The experience on old cars with a minimum premium of \$8 has been very adverse and the companies have complained about the rate structure here. The deputies are wondering how the companies now could afford to provide this towing service for free for the older cars which would be the ones that would be subject to the greatest number of mechanical and other breakdowns and would probably have the greatest number of claims for towing service. Some theorize that it would result in companies turning down older cars for insurance even more severely than they have in the past and this they felt would result in complaints to the insurance departments multiplying.

Effective Presentation

There was general agreement at Omaha that the commissioners had made a very effective presentation before the FTC in opposition to rule 4 governing automobile finance transactions which has the effect of placing insurance companies directly under the regulation of FTC along with the sellers. Some were lamenting, however, the fact that Superintendent Dineen of New York had suggested that FTC, in the alternative of eliminating insurance companies entirely from rule 4, assume authority over them only in states in which the auto finance business is not regulated properly. Some observers believe that this weakened to some extent the solid phalanx that the insurance commissioners presented on this occasion.

This was the first time that the insurance commissioners had stood up to FTC unequivocally in opposition to extension of FTC power. The commissioners were not able to summon effective and solid opposition to the proposed mail order insurance regulations of FTC. Many of the commissioners had a defeatist attitude on this score. They felt that this was an old chestnut in the way of problems for the insurance commissioners and was one that had never been solved and probably never would be solved correctly under the state system. Hence the commissioners were not able to make themselves felt effectively there.

Power of Commissioners

The feeling is general that the insurance commissioners working through their governors and other political avenues at the state level, can effectively keep the wings of FTC clipped if they set about trying to do so. The question is how determined the individual commissioners may be to do this. Some of them individually are decidedly defeatist, believing that the path is leading directly to federal supervision, this being their private opinion despite all the brave statements they may make from

the platform about preserving state regulation.

The stand the commissioners took on rule 4 and the reaction that it brought may, however, serve to strengthen the esprit de corps of the state supervisors and make them stand closer together and adopt a get tough policy, individually and collectively with FTC.

Lines Being Lost

Mr. Morrill in speaking of the squabble over multiple location risk rating said that many big lines are being lost to their former markets because of the delay in arriving at a solution. The companies that are fighting the Escott plan, he said, apparently fear the introduction of experience rating into the fire insurance business and also object to the use of expense credits by size of risk.

On the matter of a central station for auditing annual reports, Commissioner Sullivan of Kansas who is chairman of the executive committee of N.A.I.C., contended that auditing is a continuing process and should be individually handled at the state level. He said it would be unsound to employ outside auditors to be sent to the states.

On auto finance problems Commissioner Kavanaugh of Colorado said he believed that his department had arrived at a system for correcting abuses. In a directive dated Jan. 19 the Colorado department ordered that purchasers of cars must be fully informed as to the insurance provided and the cost of the insurance independent of the finance charges; purchasers must be given either the policy or a copy or a memorandum which recites the name of the insurer, policy number, term, effective date, perils insured and a breakdown of the premium charge. The purchaser shall not be required to take insurance through any particular agency or company. If the policy obtained from the vendor or the finance company does not contain B.I. or P.D. protection that fact should be plainly stamped on the policy face.

Rating Procedure Plan

The rating deputies offered a resolution that was adopted by the commissioners calling for the formation of an organization of zone 5 rating people for the purpose of trying to establish uniform procedure in connection with the filing of rates and manuals, etc. There was a proviso in the resolution that there should be a consultation in advance with the business on any rules or procedures.

All in all, it may be said that the FTC's program of activity was the dominating topic. Mr. Stone announced that FTC investigators had been in his department. They had talked to deputies and other members of his staff and seemed to make a point of avoiding him.

The fact was brought out in informal conversation that FTC had served notice that they intend to conduct an investigation of the inland marine rating bureau.

Form New Regina Insurer for Disaffected Clients of Government Company

REGINA, SASK.—The majority of clients of the Saskatchewan Guarantee & Fidelity, which was purchased a few months ago by the Saskatchewan government as a means for spreading socialist-operated insurance to other provinces, are said to have withdrawn their accounts and placed them in a new private insurance company that has been formed for this purpose. The new company is known as Western Surety and has been set up at Regina under the management of McCallum, Hill, which formerly operated Saskatchewan Guarantee. The

president is W. H. A. Hill with Frederick W. Hill, vice-president and L. N. Ray as secretary. Western Surety has also taken over a substantial number of the former employees of Saskatchewan Guarantee.

President Hill states that the main reason for Western Surety's formation was the insistent demand from old clients and agents who did not want to do business through the socialist government.

The government has taken steps to enter Saskatchewan Guarantee in Manitoba, Alberta and British Columbia.

May Enter Auto Business

RALEIGH, N. C.—After sharp debate, North Carolina Farm Bureau voted at its state convention here to hold a referendum prior to Dec. 31, among the bureau's 75,000 members on the question of sponsoring a program of automobile insurance.

J. M. Sharp, president of the Rockingham county bureau in opposing the resolution, contended that entering the insurance field would violate the bureau's charter and constitution and would alienate private business.

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Behind the scenes in your insurance company is a ceaseless activity called loss prevention. Day and night this service operates, preventing or limiting losses which, if unchecked, would run into millions of dollars and seriously affect the business community.

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In a large midwestern bank, plans were being made to remodel the vaults. When the plans reached the blueprint stage they were examined by American Surety Group's bank protection specialists. To the trained eyes of these men it was at once apparent that while adequate security would be provided for customer-owned property, the vault space for the bank's own property would be temptingly exposed. Our bank protection men knew that they were looking at a blueprint for bank robbery!

Through this example of loss prevention service, a potentially dangerous plan was abandoned, new and safer arrangements were substituted, and the robbery hazard brought down to normal.

By reducing the risk of loss in all types of business, our loss prevention service not only gives greater protection to the insured, but also helps to keep insurance costs down so that more people and more businesses can have insurance protection. Loss prevention service is an integral part of the insurance protection available through every one of our agents and brokers.

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INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

Steinbacher Succeeds Boyd in Toledo Post

TOLEDO—F. E. Steinbacher of the Hylant-MacLean agency has been elected president of Toledo Assn. of Insurance Agents, succeeding T. Kenneth Boyd after a two year term as president. Bert Decker, Jr., is first vice-president; Richard L. Lehman, second vice-president and Norman W. Reed was reelected secretary.

Mr. Steinbacher is a former company man, serving a total of 20 years with Phoenix of Hartford and General Accident.

The association is holding a large meeting at the Toledo Club March 27, at which the speaker will be Ray Murphy, general counsel of Assn. of Casualty & Surety Companies. It is expected that there will be an audience of 300.

Develop Unique C.P.C.U. Study Plan for Neb. Agents

Nebraska agents are employing a "traveling classroom" which consists of tape recordings mailed around the state on a circuit. Agents, field men, and adjusters, are organized in 11 cities in the state, and hear playbacks of lectures delivered by Dr. Curtis M. Elliott, professor of insurance at University of Nebraska, as a part of their C.P.C.U. studies.

Another wrinkle in the C.P.C.U. preparation is the employment of a university-sponsored correspondence course, also written by Dr. Elliott, and designed primarily for persons located in areas where no central study group is possible. About 150 are participating. Charles S. Sayre, Lincoln, is chairman of the education committee of Nebraska Assn. of Insurance Agents, and is in charge of the C.P.C.U. preparation.

Robert E. Ebersole Goes to Finnell & Finnell

Robert E. Ebersole has joined the Finnell & Finnell agency of Royal Oak, Mich., as field engineer. He has been in charge of the auditing department of Michigan Inspection Bureau and has been with that organization since 1946. He was an army lieutenant in the last war.

Offering C.P.C.U. Course

MINNEAPOLIS—Part 2 of the C.P.C.U. course is being given at University of Minnesota with 30 enrolled and will continue until May 29. Prof. R. A. Graves of the university is supervising the course, assisted by William Peet, Minneapolis local agent; Bernard Brissman, Fireman's Fund; William Brandow, Hermann Investment Co., and John Phaender, Anchor Casualty.

Set Dates for Region 7 of N.A.I.W.

The annual meeting of region 7 of National Assn. of Insurance Women has been slated for March 18-19, at the Cornhusker Hotel, Lincoln.

A pre-convention welcome party, given by Insurance Women of Lincoln, will be held the evening of March 17. Speakers for the first session include: Charles D. Sayre, Stuart Investment Co., Lincoln, on "Bonds," John R.

Dudgeon, Lincoln attorney, on "Claims," Alexander McDonough, Omaha manager of Travelers Indemnity, on "Liability Insurance," and Gordon Church, North America, on "The Personal Property Floater." Rev. Frank A. Court will be the luncheon speaker. Speaker for the banquet will be Charles W. Martin, Martin Brothers & Co., Omaha.

Katy Faulkner, professor of art at the University of Nebraska, will talk at the March 19 lunch.

Postpone Hearing on Cut in Milwaukee Fire Rates

In reply to a request of the city of Milwaukee to Commissioner Lange for a hearing to obtain lower fire insurance rates there, the department has asked the city to agree to postponement of the hearing until the record of fire premiums and fire losses in Milwaukee for 1949 are ready. Mr. Lange estimated this would be about April 15. The petition covered figures from 1920 to 1948, with 1949 on an 11-month basis. The request to postpone the hearing was based on the statute which requires that the commissioner order a hearing within 30 days, unless the petitioner and other interested parties agree to postpone it.

COAST

Son Joins Father in Sacramento Local Agency

Fred O. Summer has now become connected with the Summer agency which is owned by his father, Fred J. Summer, at Sacramento. He started in the business with Millers National in the inland marine department at the head office at Chicago. Later he joined the local agency that was operated by his father at Chicago. After four years of military service, he went with Employers Fire at Los Angeles.



Summer

G.A.B. Has Coast Changes

Charles H. Tandy, manager at Pasadena for General Adjustment Bureau, has been made manager at Phoenix, succeeding K. H. C. Dunbar who is returning to the senior staff at Los Angeles at his own request.

Mr. Tandy joined G.A.B. in 1936 and served at Seattle and Los Angeles. He pioneered the Pasadena operations as manager when that office was opened in 1947.

Walter S. Watts will succeed Mr. Tandy as manager at Pasadena. Mr. Watts began his insurance career with Hartford Fire in 1926. He has been an independent adjuster, a special agent and underwriter. He joined the bureau in 1948 as manager at Palm Springs.

E. E. Bennion, Glendale, has been transferred to Pasadena. John A. Jzwick, of the fire division at Los Angeles, will replace Mr. Bennion in Glendale.

Plan for Women's Parley

Plans are being perfected for the regional meeting of National Assn. of Insurance Women at Berkeley, Cal., March 18-19 for Arizona, California, Idaho, Oregon and Washington. Hostess club will be East Bay Assn. of Insurance Women. Miss Frances Gray, president of Insurance Women of Los Angeles, will preside at a session the afternoon of March 18. Miss Gladys C.

Main of Seattle, national president, will be on hand. Sig Arndt of Finn, Smith & Medcraft, San Francisco, will be master of ceremonies at a banquet that evening and then there will be a bus tour of San Francisco night life.

There will be a breakfast and final business session the next morning. General chairman for the meeting is Patricia Reid.

Agency 75 Years Old

Edward Brown & Sons, San Francisco general agency, has just observed its 75th anniversary. The firm is still operated by two members of the original Brown family—A. M. Brown, son of the founder, and A. M. Brown, Jr. A. M. Brown, III, is expected to join the firm upon his graduation from University of California.

Arthur Brown, Sr., has been with the organization 65 years and has long been active in the business, particularly in the Pacific Board. He was one of the sponsors and for several years chairman of the original public relations committee of the board—now one of its major activities.

EAST

Middle Department Slashes Policy Forms from 100 to 39

PHILADELPHIA—Middle Department Assn. of Fire Underwriters has by consolidation of more than 100 policy forms come up with a workable 39 forms which cover nearly everything a company or agent might want or can use. The consolidation has resulted in a more manageable system of supply of policy forms to members. The 39 forms cover the majority of risks. Where additional clauses are required, the agent simply types them in. Sufficient extra space is permitted for variations.

For example, the Middle Department did away with the different types of mercantile forms and made up an all-purpose form which also covered manufacturing plants. It did away with protected and unprotected.

Frequent changes in forms are also spaced widely in order to avoid expensive printing costs. The object is to standardize all the forms to avoid changes. Another problem solved is the supply of the forms to companies and agents. Rash requisitioning of forms has been eliminated because the department simply eliminated requisition blanks. Thus, the tendency to order large amounts of forms not needed immediately was also eliminated.

If a company doesn't see a form on a requisition blank, it will not be ordered, and when new forms come out, companies won't just rashly throw away large stocks of old ones because they won't have large stocks on hand, it was pointed out.

Smith Joins Newark Service

Minor C. Smith of Maplewood, N. J., has been made manager of the automobile inspection division of Newark Inspection Service. Mr. Smith was for 12 years with Risk Inspection Bureau.

LaFontaine Norwich Speaker

Walter F. LaFontaine, assistant vice-president of Hartford-Connecticut Trust Co., at the February meeting of Underwriters Assn. of Norwich, discussed his company's experience with the bank financing plan for automobiles.

At the business meeting preceding the luncheon two new legislative measures were discussed. One, which became law Oct. 1, makes it necessary for every agent to transact at least 50% of his

business with the general public. The other forbids a person or firm financing the purchase of real or personal property to require that the insuring of such property shall be through a particular insurance company, agent, or broker.

Several apparent violations of these acts were cited, and it was voted that notice of these be sent to state officials for action.

SOUTH

Fire Loss of \$130,000 at Atlanta Stockyards

ATLANTA—Fire Saturday morning destroyed 215 mules and horses at the Atlanta stockyards and imperiled hundreds of others, causing a loss of \$130,000. The large building occupied by National Stockyards Commission Co. two stories high, and 200 by 300 feet in size, was a total loss. Tons of burning hay added to the difficulty of fighting the fire.

In another fire the same day Georgia's multi-million dollar State Farm Market suffered \$50,000 loss. The market is divided into hundreds of compartments, occupied by dealers in all kind of produce, but fire protective measures, fire walls and other safety devices kept down the loss.

Va. Fire Rates Cut

Fire insurance rate reductions have been ordered by Virginia state corporation commission, these being estimated to amount to about \$730,000. Reductions apply to farm properties, mercantile establishments, armories, asylums, city halls, court houses, fire departments, jails, police headquarters, barracks and prisons. Also, telephone exchanges, bottling works, filling stations, laundries, creameries, tourist cabins, buildings under construction, packing houses for fruits and vegetables and waterworks pumping stations. The effective date is Feb. 17.

Prepare for Miss. School

Mississippi Assn. of Insurance Agents will conduct its annual school of fire, casualty and surety underwriting at Jackson, March 8-10. Warner Wells, Jr., Greenwood, chairman of the education committee, has prepared the program.

The first two days are designed principally for local agents and their employees who are relatively new in the business. Two units of the N.A.I.A. introductory education course are scheduled. The last day will emphasize selling.

Among the instructors will be Professor Frank Watson of Mississippi State college; R. J. Layton, vice-president of Rough Notes Co., H. C. Roberts, Canton; Carl Fox, Jackson; L. O. Heiden, Jackson; Harris Holland, Columbus; Julius Berry, Tupelo, and Noel Brickell, Memphis, local agents, and J. F. Barksdale, secretary of Mississippi Rating bureau.

Big Covington Loss

Loss that may amount to as much as \$200,000 resulted from a fire in the Covington, Ky., Paper & Woodware Co., and the Montgomery Ward & Co. warehouse and Kays Laundry.

Building loss for the Covington paper firm is estimated at \$24,000 and the contents loss will be about \$115,000. This building was practically destroyed as was the Montgomery Ward warehouse. The laundry suffered incidental damage. Some barrels of linseed oil stored in one of the buildings resulted in a fast fire.

Western Adjustment is handling the loss to the Covington Paper Co.

LORD CORNWALLIS WAS trapped. Pressing ever closer, the French and American armies were bombarding his position in Yorktown while the French fleet maintained a blockade by sea.

The time was October, 1781. Though the British had virtually abandoned their efforts to overcome the north, their army in Virginia had been struggling to conquer the south. At last, however, the siege of Yorktown became so critical that Cornwallis attempted to extricate his troops, only to have his plans thwarted by a sudden storm which scattered the boats in which he hoped to cross the York River. His position was desperate and on October 17 he asked Washington for terms of surrender.

Next day representatives of the British, French and American armies met under flags of truce to discuss terms. Finally, fourteen articles of capitulation were drawn up and submitted to Cornwallis with the demand that they be signed by eleven o'clock the following day. Cornwallis complied and about noon the allied armies marched into Yorktown and took up positions in the British line. While the com-



Around the table, terms of Cornwallis' surrender to Washington were drafted.

bined pipers of the brave Scots Highland Brigade played "The World Turned Upside Down," the British troops marched out and laid down their arms. The long war was over. American independence had become a reality.

The momentous meeting at which the surrender terms were drafted was held in the Moore house located a mile from Yorktown on a bluff overlooking the York. Since the house was out of the direct line of fire, it had escaped destruction in the bombardment. The estate was acquired in 1769 by Augustine Moore, a merchant, but the date

Famous American Homes



the house was constructed has been estimated by some to have been as early as 1725.

During the Civil War the house was damaged by shell fire and its shutters, doors and trim were used as fuel by the invading troops. For years thereafter, it suffered mistreatment while occupied by transient farmers until in 1881 it was repaired and enlarged for the centennial celebration of the surrender.

Then in 1930 when Yorktown and its environs were made a national monument, the Moore house was purchased by Mr. John D. Rockefeller, Jr. and presented to the government. During 1931-1934 after considerable research,

the structure was restored to its appearance in 1781. Now one of the museums of the Colonial National Historical Park, administered by the National Park Service, the house within whose walls the historic meeting took place is permanently preserved.

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